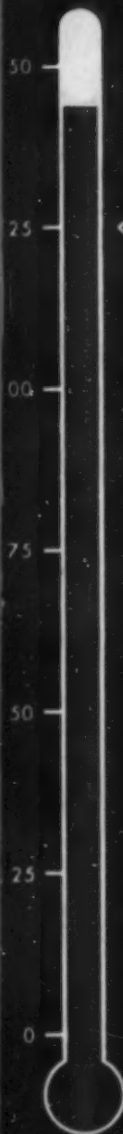


# BUSINESS WEEK

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Disney of Disneyland: Even fantasy has to diversify (page 72)

A MCGRAW HILL PUBLICATION

JULY 9, 1955

ANN ARBOR MICH  
313 N 1ST ST  
UNIVERSITY MICROFILMS  
E B POWER  
Q3 B2  
C 8-

## Mr. Hornworm's quota for the season...



**ACRE FOR ACRE**, few crops equal the dollar value of tobacco. So it is easy to understand why it is important to kill a tobacco hornworm, which easily devours about a pound of tobacco during a growing season. Killing just a few hornworms per acre can pay the full cost of treating a field with Shell Chemical's endrin.

Thus every dead hornworm means higher profits for the farmer. But

that's not all. Endrin, as a bonus, controls other leaf-eaters too, such as grasshoppers, flea beetles, and budworms . . . in fact, any insects that touch, breathe, or eat it. Three ounces to the acre does the job.

Bringing new and better pesticides to the farm is another example of Shell Chemical's partnership with industry and agriculture. Making petroleum chemistry serve your needs is our constant purpose.

**Shell Chemical Corporation**  
Chemical Partner of Industry and Agriculture  
NEW YORK

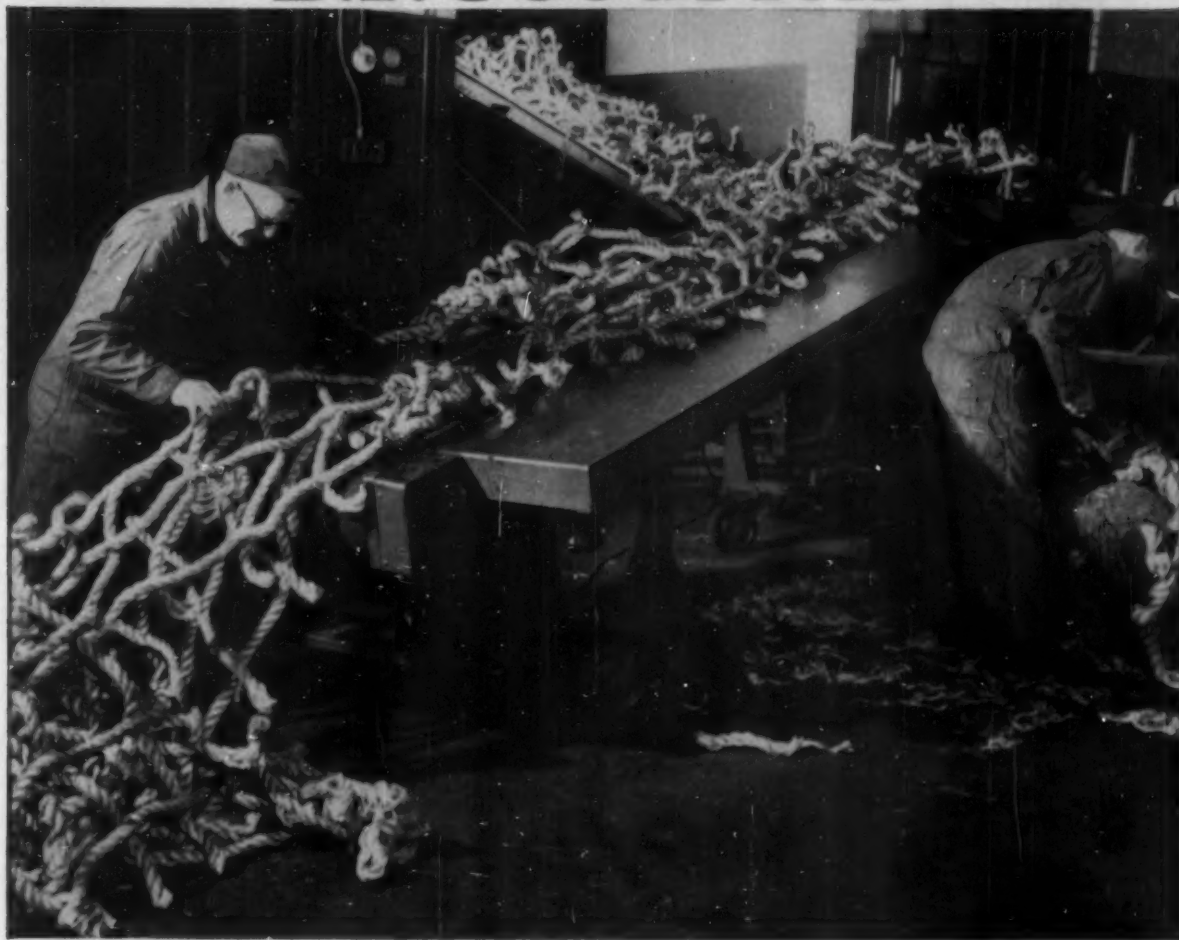




RESEARCH KEEPS

# B.F. Goodrich

FIRST IN RUBBER



## Old rope on its way to be new paper

### *A typical example of B. F. Goodrich improvement in rubber*

**T**HAT's old used rope from all over the world, being sorted for quality. It will then be baled for use in making paper.

To cut their handling costs, they tried using rubber belts to carry the rope to the baler. But regular belts couldn't move it up inclines, and special, knobby-surfaced belts were soon rubbed smooth by the rough rope.


A B. F. Goodrich distributor heard of the problem and recommended a new kind of belt—B. F. Goodrich Ribflex. Belt surface is made of parallel ribs of rubber, cross cut into thousands of flexible grip blocks. The tiny

rubber blocks are tough enough to stand years of use, yet soft enough to spread and grip the rope, and so prevent slipping even though the belt climbs at an angle. Now they put one frayed end from a loop of rope on the belts and the moving belts pull the rest off the floor—less handling, so less cost.

Product improvement like this is always going on at B. F. Goodrich. New ways are constantly being found to make conveyor belts, hose, V belts work better, last longer. No product is ever regarded as "finished" or standardized.

*How this cuts your costs:* Because of these improvements and because B. F. Goodrich is one company that will *never* lower its quality standards, you can be sure of top performance and real money savings when you specify B. F. Goodrich. To find out about the latest improvements in the rubber products your company uses, call your B. F. Goodrich distributor or write The B. F. Goodrich Co., Dept. M-439, Akron 18, Ohio.

**B.F. Goodrich**  
**INDUSTRIAL PRODUCTS**  
**DIVISION**



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pass  
the most beautiful letters  
in the world

*The*  
**new**  
**REMINGTON ELECTRIC TYPEWRITER**

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# AIR-MAZING FACTS

BY O.SOGLOW



**THE CLOSER THE SUN, THE DARKER IT GETS!**  
 At 50,000 feet, shadows are so black pilots have a hard time reading their instrument panel—even though bright sunlight pours in the windows! Reason: there aren't enough dust particles in the sunlight to deflect light into the shadows, so they remain jet black.



**COUNTER ATTACK!** Dust falling on counter displays can cost stores thousands of dollars in shopworn merchandise. Leading stores stop dust, dirt, and even stop smoke with Electromaze electronic air filters. Can be serviced automatically. New G-E selenium rectifier eliminates tube maintenance.



**DAMPENING SPARKS!** Exhaust sparks from trucks are dangerous when there are combustible gases or vapors near-by. That's why so many trucks use Air-Maze exhaust spark arresters to dampen the sparks, help prevent explosions.

**IF YOU BUILD OR USE** engines, compressors, air-conditioning and ventilating equipment, or any device using air or liquids—the chances are there is an Air-Maze filter engineered to serve you better. Representatives in all principal cities. For condensed product catalog, write Air-Maze Corporation, Dept. C, 25000 Miles Rd., Cleveland 28, Ohio.

# AIR-MAZE

The Filter Engineers

AIR FILTERS • SPARK ARRESTERS • LIQUID FILTERS  
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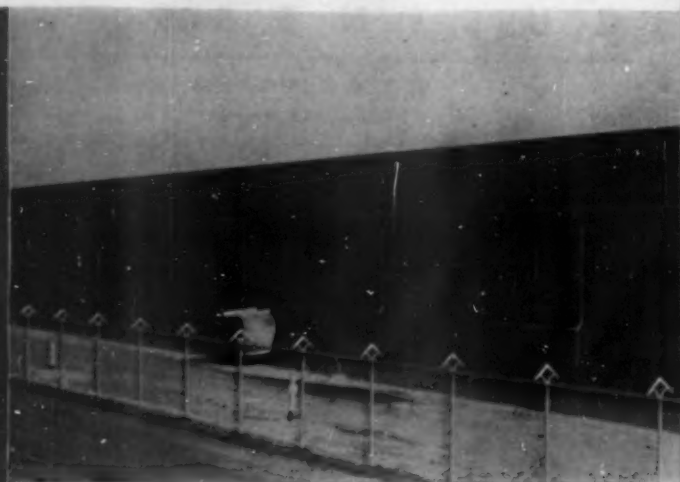
# IS YOUR SALES SUCCESS GETTING TOO BIG FOR YOUR BUILDINGS?



Need storage space? This Truscon Steel Building brought raw materials and railroad siding under one roof — provided support for overhead crane. Materials are protected, movement speeded up, congestion relieved in original building.



**TO HELP IMPROVE FACTORY EFFICIENCY AND ECONOMY** during manufacturing, moving, storing and shipping operations, Republic makes a complete line of steel boxes, skids and pallets. Built to your specific requirements, they stack readily, save floor space. Republic also makes pallet racks to provide additional space—and help simplify your handling problems. For instance, you can load or unload from either side without restocking. Let Republic suggest ways to ease your handling operation. Send coupon.

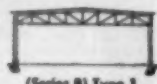


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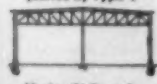
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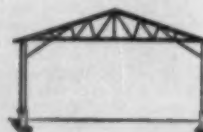
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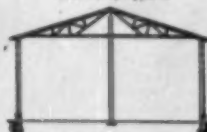
(Series B) Type 4-B



(Series B) Type 2



(Series A) Type 1 & 1-B

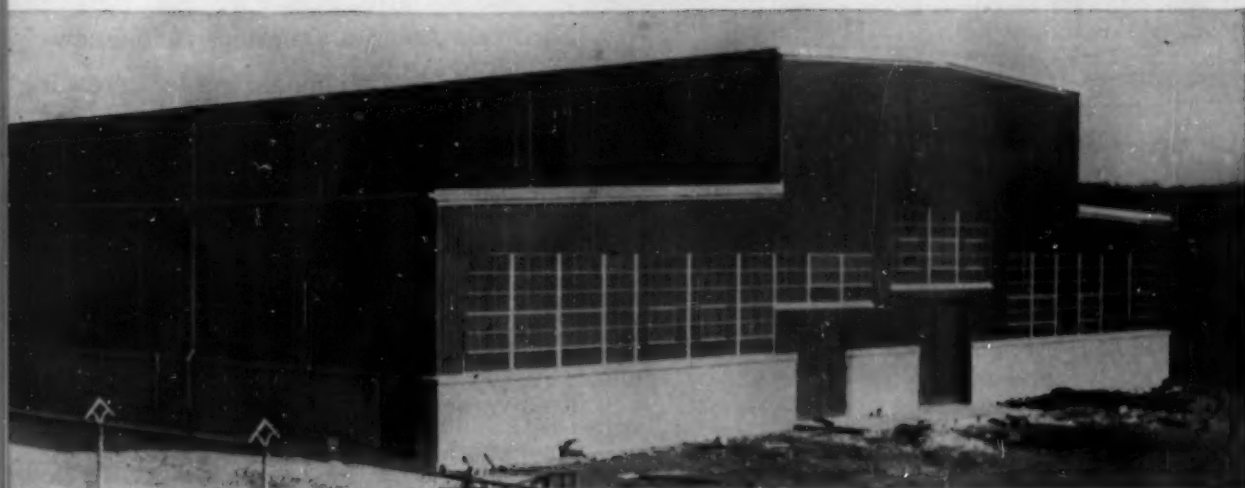


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**REPUBLIC CAN DOUBLE LOCKER ACCOMMODATIONS IN A GIVEN AREA.** Modern steel lockers that conserve space and still provide clean, safe storage for employees' clothing and valuables are made by Republic's Berger Division. Illustrated is the Republic "Space-saver" two-person locker. It provides separate compartments for two people in no more floor area than that required for one large single-tier locker. Berger offers a complete locker planning, engineering and installation service. Send coupon for additional information.







## STEEL BUILDINGS SUPPLY THE ANSWER

They're literally made to order for rapid plant expansion. Whether you need a single building or a well-arranged group, Truscon, the world's largest manufacturer of metal building products, can help you select the right layout to fit your exact needs.

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**NEED TEMPORARY WATER LINES?** No better way than with Republic Plastic Pipe. Use it anywhere. Just lay it on the surface, even around corners, pick it up later for re-use. Necessary connections are easily and simply made. Keep Republic Plastic Pipe handy on every job. Choose from three kinds: Flexible Polyethylene, Semi-Rigid Butyrate and Kralastic—all lightweight, tough and corrosion-resistant. Pipe distributors have them in stock for you.

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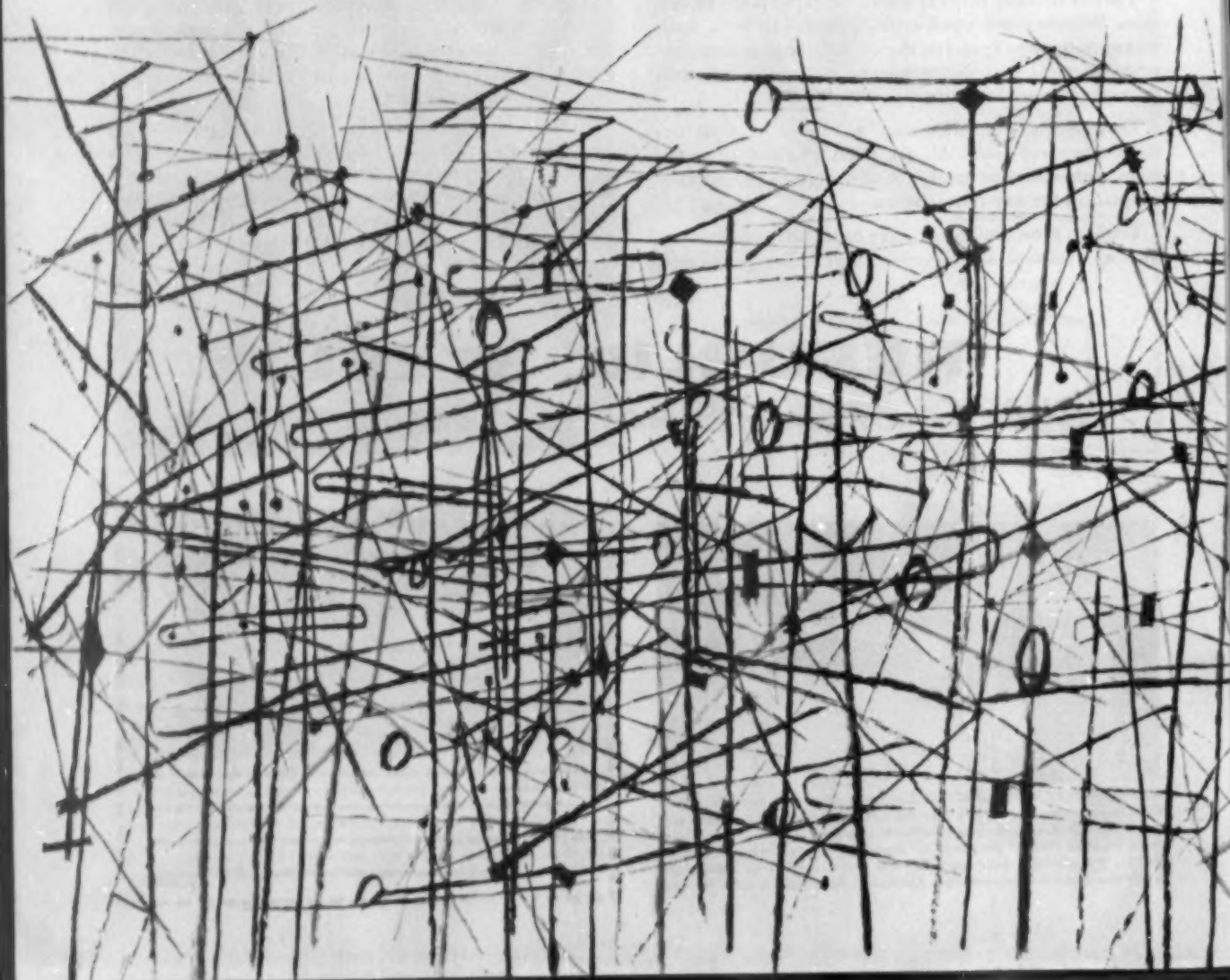
REPUBLIC

# Harvest

Each year America's rooftops yield a new harvest—a vast aluminum garden spreading increasingly over the face of the nation.

The past season produced a bumper crop on all counts: 3½ million new television antennas, bringing the total number of television homes to 34,567,000.

The average television family spent more time watching its screen than ever before—5 hours and 20 minutes a day.



Day and night during the season just past CBS Television broadcast the majority of the most popular programs and extended its popularity by enlarging the network to 209 stations—a 75% increase in a year.

Today CBS Television delivers more homes for less money than any other network, and compared with its closest competitor offers an even better buy than it did a year ago.

Over the past twelve months advertisers

invested \$165,268,000 on CBS Television—20% more than on the next ranking network.

By demonstrating television's ability to move our steadily increasing national product into the American home with the greatest efficiency and economy, CBS Television has become the largest single advertising medium the world has ever known.

## ***CBS TELEVISION NETWORK***







## Concrete bonuses for motorists

You're looking at U.S. 67, an old concrete road south of the St. Louis city limits. This road, built in 1928, has served motorists in the area with amazing economy ever since.

Since 1928, U.S. 67 has carried more and more traffic, heavier and heavier loads. The average daily traffic on the section shown above now is 21,500 vehicles.

Traffic loads like this are far more than the pavement was designed to bear. And the service life has been longer than was expected. Yet it goes right on carrying this extra traffic with very little maintenance expense, while other types of pavement have been rebuilt or resurfaced many times.

Hundreds of miles of concrete roads built decades ago match the performance of U.S. 67. They long ago earned their cost and keep in the gas taxes and license fees that motorists pay to use them—and they're not through earning yet!

By continuing to earn annual bonuses for motorists, these old, durable concrete roads help pay for today's new highways. They demonstrate that concrete is the logical choice for the new highway construction planned for America's main roads in the long-range federal highway program. And these new concrete roads promise to deliver even greater bonuses to every highway user because now they can be built to last more than twice as long.

## PORTLAND CEMENT ASSOCIATION

33 West Grand Avenue } A national organization to improve and extend the uses of portland cement  
Chicago 10, Illinois } and concrete . . . through scientific research and engineering field work

## READERS REPORT

### Uranium Financing

Dear Sir:

Your article pointing up the "slim equity" and promotional excesses associated with some recent uranium public stock offerings [BW—Jun. 11 '55, p62] indicates the need for a sounder approach to the financing of new mining ventures to assure the uninterrupted flow of risk capital essential to the continuing national interest in adequate supplies of uranium. The following would help:

(1) The well established and managed investment houses should make it clear to the uranium mining industry that they understand the need for risk financing and are willing to underwrite soundly conceived uranium issues. At present, those seeking good quality uranium underwritings of a size sufficient to provide adequate working capital hear that there is, and often find, an unsympathetic "uranium barrier," and are unable to obtain venture capital on as sound a basis as they would prefer.

(2) The public and the underwriters should insist upon competent and experienced mining and geological management, as well as upon producing properties and areas for exploration considered favorable by reputable independent geologists.

(3) The public should not be led to expect venture financings based on dollar for dollar value in the ground. The risks are great in "putting together" a sound situation with a reasonable chance for success and in underwriting a speculative security. Organizers of a company will not sell a substantial interest in their properties to the public at a price which does not place a value on what has often amounted to several years of hard but non-paying development work. . . . The public should rightfully be made aware of promotional excesses. The underwriters should rightfully demand values based on substance, not "goat pasture." But venture capital standards, not blue chip standards, must be used . . .

MUNROE F. POFCHER

POFCHER, SCHLUSSEL & KETCHER  
NEW YORK, N. Y.

### Atom Exhibits

Dear Sir:

I believe you may be interested in some additional facts about exhibits of atomic energy products



# Gardner-Denver MAKES AIR DO MORE AT LESS COST



A typical model WB 6 cylinder, water-cooled compressor installation in a uranium field.

## ON THE SPOT IN THE BIG URANIUM HUNT

### ...another example of GARDNER-DENVER experience

Uranium—one of America's greatest power reserves—hides many of its richest treasures in wild and remote places, where deep-walled canyons and tumbled mesas challenge man's ingenuity. To mine the ore successfully and at reasonable cost demands equipment that is utterly depend-

able—able to work day after day without repairs or pampering. That is one reason why Gardner-Denver air compressors and rock drills are so often used in uranium mining.

Dependability on the job is a major requirement of all Gardner-Denver mining, industrial and con-

struction equipment. And such dependability has been proved time and again by impressive service records—continuous operation under adverse conditions. It is one of the reasons why Gardner-Denver is an honored name where work must go forward without interruption and at lower cost. Gardner-Denver Company, Quincy, Illinois.

## GARDNER - DENVER

The Quality Leader in Compressors, Pumps, Rock Drills and Air Tools for Construction, Mining, Petroleum and General Industry



Mine and Tunnel Drills



Portable Compressors



Contractors' Air Tools



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Horizontal Compressors

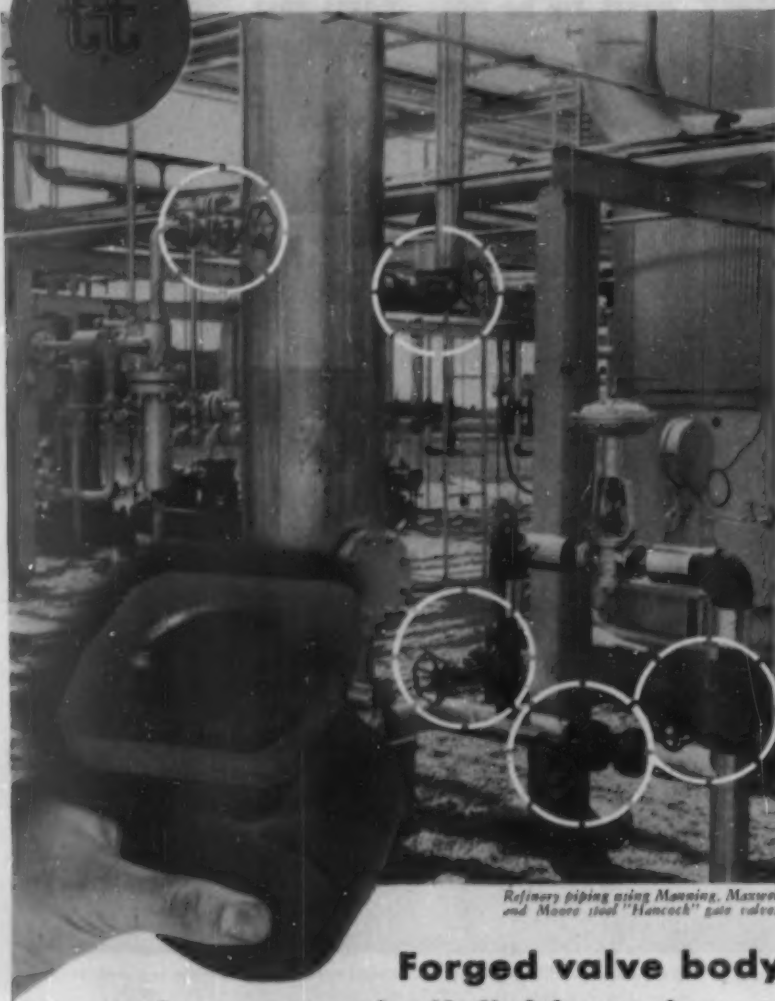


Vertical Compressors



Koller Air Hoists and Tools

CUSTOM FORGINGS for better products...lower costs



Refinery piping using Manning, Maxwell and Moore steel "Hancock" gate valves.

## Forged valve body takes rugged oil-field service

In few places is *dependable strength* more important than in high-pressure, high-temperature process piping. This steel valve body, forged by Tube Turns, has the uniform grain structure that spells reliable performance for special oil-field valves. That's one important reason the valve manufacturer guarantees this product.

Tube Turns provides complete facilities and service for producing custom forgings to your design. We coordinate die design and die making, quality control, forging and upsetting, heat-treating and rough machining. Let us quote on *your* forged parts.

Made by the world's leading manufacturer of  
welding fittings and flanges for piping.



# TUBE TURNS

A DIVISION OF NATIONAL CYLINDER GAS COMPANY  
LOUISVILLE 1, KENTUCKY

that will be shown in Geneva at the time of the International Conference on Peaceful Uses of Atomic Energy. Your article on "Atoms for Peace" [BW—Jun. 11 '55, p30] covers some aspects of the plans very well, but could lead to some misconceptions.

The International Conference was conceived as a technical and scientific meeting, directed toward exchange of information among scientists and engineers. It is not, in any sense, a commercial venture, but is dedicated to furthering the proposals made by the President for sharing with other nations useful knowledge about peaceful uses of atomic energy. After organization of the technical conference was well advanced, the suggestion was made by the United Nations that a "trade fair" be held in Geneva at the same time that the conference takes place. The United Nations advised all participating nations that it would welcome the holding of the trade fair as an independent enterprise, but would not participate in its organization or operation.

It was in connection with the conference, and for display at the Palais des Nations where the conference will meet, that the original exhibits were planned. The Office for the International Conference, set up within the Atomic Energy Commission, took the initiative in arranging for exhibits at the Palais, and emphasized their technical non-commercial character from the first. Contrary to early information, space available at the Palais des Nations turned out to be severely limited, and the Office thereupon arranged for 30,000 square feet of space in a large exposition building in another part of the city—the Exposition Hall. The Office suggested that the U. S. Information Agency install there its show, "Atoms for Peace", which has been touring Western Europe, and arranged for potential exhibitors who wished to do so to place appropriate exhibits there. It is in this same Exposition Hall that the "trade fair" now is to be held. American commercial exhibitors have space adjoining the USIA show.

American industry will be well represented in all exhibits. At the Palais des Nations, the U. S. exhibit will occupy 4,000 square feet of space, in addition to the 3,000 square feet in the special building being erected on the grounds to house a functioning research reactor. Of some 80 organizations participating in the Palais des Na-



Another example  
of  
efficient power  
at lower cost



Repowered with a new, latest-type  
Cooper-Bessemer diesel, the sturdy  
tug-boat LA GARDE now has double  
her original horsepower.

## What does a tug-boat have to sell?

**R**ECENTLY, the captain of the tug-boat, La Garde, was heard to say over his ship-to-shore radio, "We'll be in port 3 hours earlier now that we have *real* power." This is significant because that's *all* a tug-boat has to sell — just time and power!

The hard-working La Garde handles heavy barges in the treacherous coastal waters of Alaska and British Columbia. Recently repowered with a modern Cooper-Bessemer diesel, she now has more than *twice* her original power. Able to do her work better and faster, she now has time to do *more* work . . . for greater profit!

The lesson of the tug-boat applies to many fields of heavy-duty power . . . on land and sea. And

whether your interest lies in a repowering job or a new power application, we'd like to tell you about the *new* things being done today by one of America's *oldest* engine builders . . . to assure extra performance, extra profit!



New York • Chicago • Washington • San Francisco • Los Angeles •  
San Diego • Houston • Dallas • Odessa • Tampa • Gregglen •  
Seattle • Tulsa • St. Louis • Gloucester • New Orleans • Shreveport  
Cooper-Bessemer of Canada Ltd., Halifax, N. S., Edmonton, Alberta



# The Upward Spiral...



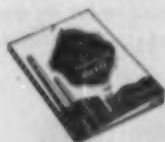
## IN DUST RECOVERY EFFICIENCY

Year after year, Buell's practical experience combined with research has resulted in constantly higher efficiency in the recovery of re-usable industrial dusts.

Today, Buell's experience embraces every major industry.

Today, Buell's equipment features many exclusive advantages, such as the Spiralectrode (shown), which helps their famous "SF" Electric Precipitator to deliver that all-important extra efficiency in Buell Dust Recovery Systems.

Without obligation, Buell Engineers will make a survey of your plant to determine the exact tonnage of valuable dust now "going up the flue." Write Dept. 30-G, Buell Engineering Company, 70 Pine Street, New York 5, New York.



Ask for a copy of "The Collection and Recovery of Industrial Dusts"

# buell



Experts at delivering Extra Efficiency in  
**DUST RECOVERY SYSTEMS**

tions exhibits, more than 50 are industrial concerns. Another 20 industrial concerns are with the USIA exhibit in the Exposition Hall, and to date about 18 in the trade fair. Except for the last group, the emphasis is on technical, not commercial, aspects.

I feel that the distinction between the scientific and technical nature of the conference and the activity of the trade fair should be very clear. Important as the contributions of industry are and will continue to be to the use of atomic energy here and abroad, I believe that undue emphasis at this time on the trade fair could obscure and distort the character and objectives of national policy and of the conference.

LEWIS STRAUSS

CHAIRMAN

U. S. ATOMIC ENERGY COMMISSION  
WASHINGTON, D. C.

## "Very Readable"

Dear Sir:

The special report titled "The New World of Research" that appeared in the May 28, 1955 issue of *BUSINESS WEEK* (page 105) is an exceptionally fine job of reporting. The men assigned to this job have shown a keen insight into the problems of exploratory and applied research. In addition, the report is presented in a very readable fashion.

Please accept my congratulations for a difficult job very well done.

C. NORMAN SJOGREN

DIRECTOR OF RESEARCH

C. F. BRAUN & CO.  
ALHAMBRA, CALIF.

## Wanted: A Series

Dear Sir:

Before I get any further down that famous "road of good intentions", I want to take the occasion to compliment you on one of the most provocative management articles I have ever had the opportunity to read. I am referring to the story in your May 21, 1955 issue on the "Mystery of Executive Talent" (page 43).

I very honestly feel that in opening up the many facets of this problem, which you did, you have rendered a real service to pointing up the need for continued study and research in the field of executive development. It would seem to me, that this article could be the beginning of a series of such informative stories by you devoted to further developing knowledge and information on the subject. I





## Power aplenty 'til the pond ran dry

That was the complaint in the days of water-wheel power—and still is today.

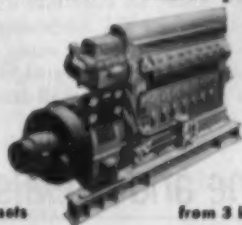
In every season, water shortages force large areas to curtail power usage . . . storms tear up vast power networks . . . solid fuel shortages bring with them power rationing.

In many cases, a single power failure can cost you more than the installed price of a dependable Fairbanks-Morse Diesel Generating Set! In addition, there are

day-to-day savings with in-plant power: eliminate power factor penalties, add to current capacity as load increases, reduce peak demand values for lower purchased power rates, and often lower insurance rates.

We'll gladly send you more information or survey your plant's power requirements without obligation. Why not find out about In-Plant power generation today—*before* power fails you?

Fairbanks, Morse & Co., Chicago 5, Ill.



F. M. Diesel Generating sets

from 3 kw. to 1700 kw. capacity



### FAIRBANKS-MORSE

*a name worth remembering when you want the best*



# FACTOGRAPHS

## The Brewing Industry

NO. 7 OF A SERIES



How does your beer consumption compare with that of the average American? Based on an estimated 50 million beer drinkers, he consumes about 53 gallons, or more than 506 bottles and cans of beer per year. In 1954 this added up to sales of 83,292,707 barrels of beer.



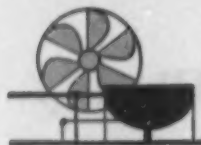
In ancient Egypt, beer was used as a food, in sacrificial rites, and for medicinal purposes. Numerous urns taken from excavated tombs contained dried remnants recognized as beer solids. In those days clarity and appearance were of slight importance since all containers were of opaque material. But today beer is served in glasses or bottles and clarity and brilliance are important sales factors. American beers are filtered three and sometimes four times to remove suspended solids. For this important process, practically every brewery in the country uses filters made by Niagara Filters Division of A. M. and M.



In no industry is cleanliness rated more highly than in brewing. Equipment is cleaned and sterilized daily... floors are scrubbed and bright-work polished. United States Gauge Division of A. M. and M. makes a special "sanitary gauge" especially for brewery use. It is a self-contained unit that can easily be removed from the line for daily cleaning and sterilizing. Cleanliness of employees' uniforms is also extremely important and many breweries operate their own laundries using equipment built by Troy Laundry Machinery Division of A. M. and M.



What is believed to be the oldest known cultural inscription of mankind pertains to the making of beer. It is the Blue Monument estimated by archeologists to be some 9000 years old. This interesting relic is now in the Louvre, Paris.



The huge wort kettles used in the "hopping" process would awe a housewife. Some of them hold more than 600 barrels of wort. And here the important evaporation process takes place. Since a constant controlled draft is essential, many breweries equip their wort kettles with Bifurcator Fans made by De Bothezat Fans Division of A. M. and M.



American Machine and Metals, Inc. comprises nine divisions, many of which find an important market in the brewing industry. Each division manufactures a line of related products; some have been serving industry for more than a century. All divisions benefit materially from the interchange of ideas, experience, know-how and facilities of the entire group. This plan of operation has proved remarkably advantageous, not only to the company but also to the customers of all divisions.



## American Machine and Metals, Inc.

233 BROADWAY

NEW YORK, N. Y.

DIVISIONS: NIAGARA FILTERS • TOLHURST CENTRIFUGALS • DE BOTHEZAT FANS  
• UNITED STATES GAUGES • RIEHLE TESTING MACHINES • GOTHAM INSTRUMENTS  
• TROUT MINING • TROY LAUNDRY MACHINERY • AUTOBAR DISPENSER SYSTEMS

for one will be looking forward to your doing just that.

GEORGE HARRIS

GEORGE HARRIS & ASSOCIATES  
NEW YORK, N. Y.

### On the "GAW"

Dear Sir:

Your editorial on page 200 of the June 18, 1955 issue of BUSINESS WEEK seems to carry out in some detail the thinking of Walter Reuther and other leaders of the labor monopoly. This is not, I trust, the thinking of the vast majority of industrial leaders in America. It is not a foregone conclusion, in my opinion, that the so-called Guaranteed Annual Wage pattern as set up in Detroit will become the pattern for all industry. And certainly not if each employer will inform his employees and the communities in which he operates plants of the facts concerning the so-called guaranteed annual wage.

Of course, the pattern set up in Detroit calls for supplemental unemployment insurance rather than a guaranteed annual wage. The guaranteed annual wage is simply an attractive name which has some appeal to everyone who has to work for a living. This is the same sort of thing that was done when the excess profits tax was passed. People may have wanted to see a tax on excess profits but that didn't mean they wanted an excessive tax on profits which is actually what the excess profits tax accomplished.

Employees generally are not aware of the fact that, money put into a fund by companies for fringe benefits such as insurance, pensions, the so-called guaranteed annual wage and others, comes out of their earnings. When six cents per hour is put into a fund by a company, for a so-called annual wage, that six cents per hour comes out of each employee's pay check. In other words, it is just six cents less an hour that the employee is able to spend for necessities, luxuries, savings, etc.—six cents an hour that the employee is not able to use as he sees fit.

If employees in this country knew these facts and had any voice in the decisions made for them by the leaders in the labor monopoly, I am confident that they are just enough individualist by nature to want the money in their pay checks to use in any way that they desire.

S. T. SALVAGE

ADVERTISING MANAGER  
THE TIMKEN ROLLER BEARING CO.  
CANTON, OHIO



The slowness of shipping had Brown in a knot.  
To set himself free he'd have given a lot...



Then he straightened things out this fast, easy way.  
Now **RAILWAY EXPRESS** speeds his shipments today!

## The big difference is

Whether you're sending or receiving, whether your shipment is big or small, and whether it's moving by rail or air—you'll find it pays to specify Railway Express. It makes the big difference in speed, economy, and safe, sure delivery.

• • •

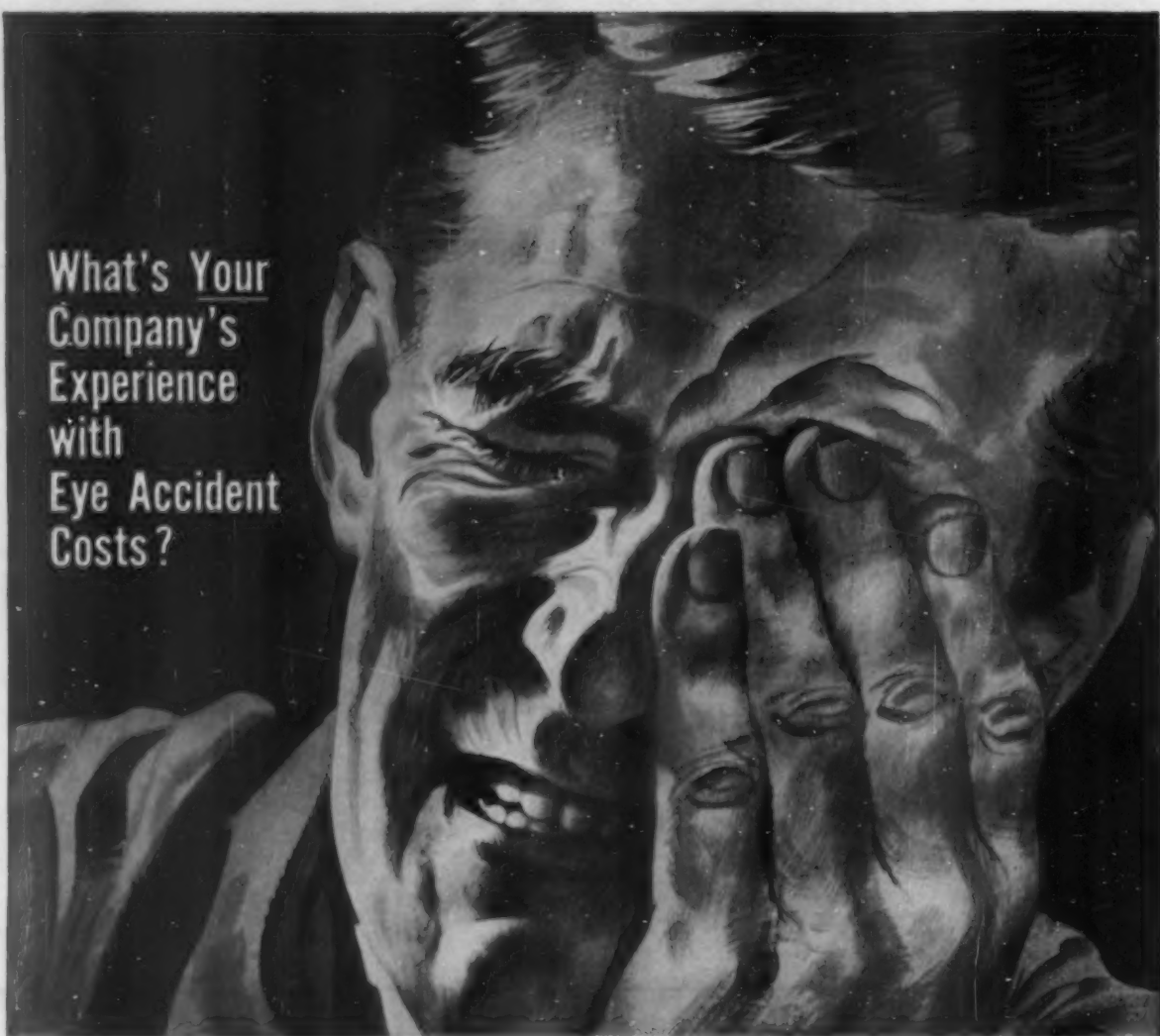
Railway Express uses the facilities of some 480 independent and competitive transportation companies in the movement of express traffic. It's free enterprise at its best, putting at your service one-third of a million miles of co-ordinated rail, air, water, and truck routes that connect all America.



...safe, swift, sure



What's Your  
Company's  
Experience  
with  
Eye Accident  
Costs?



Here's a Company that has been ahead  
year after year...for 21 years!

Let's look at a company that has had an AO† Eye Protection Program in operation for a long time and see whether it pays over the long pull. Does the protective equipment cost almost as much as the accidents it prevents? Considerably less? How much less? These are good questions and deserve an answer.

In one of the twenty-one years, the company spent about \$6,000 on eye protection but saved \$20,000 on prevented eye losses. In this year, the year this company saved *the least*, it

was still ahead by \$14,000. In another year when the company spent about \$7,000 on eye protection, it saved approximately \$90,000 on prevented eye losses. Estimated savings: \$83,000. OVER THE 21 YEARS, THIS COMPANY WAS SAVED ABOUT \$874,000 — AND THAT'S NET.

You may do even better. Ask an AO Safety Representative to call. Or write American Optical Company, 517 Vision Park, Southbridge, Massachusetts.

For the  
finest in protection  
— look for  
the AO monogram  
on  
safety lenses  
and frames.



American Optical



SAFETY PRODUCTS DIVISION

†T.M. Reg. by American Optical Company

SOUTHBIDGE, MASSACHUSETTS • BRANCHES IN PRINCIPAL CITIES



# BUSINESS OUTLOOK

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BUSINESS WEEK

JULY 9, 1955



Business will be better in 1955's second half than in the first.

Yet there won't be quite the tingle, the exhilaration, to it. That's due to the subtle difference a slight change in trend can make.

The first half got its zing out of the rapidly rising curve. The second will average higher—but the curve will be flatter.

Bear in mind, too, that profit margins will be thinner for some.

Everyone knows why the business curve has to flatten out: Autos, steel, and construction just can't go on setting record after record.

But don't be alarmed. To help take up the slack, there will be: (1) rising machinery output; (2) building and balancing of uncomfortably thin factory inventories; and (3) a sustaining momentum.

—•—

Automobiles, conspicuously, will let down in the third quarter.

Output will be good, considering closings for new models, but it will be off sharply from the giddy 4¼-million cars of the first half.

—•—

Steel will feel the sag in auto output, but the industry should have no trouble averaging around 92% of capacity for the quarter.

Suppose autos take only about 15% of all the steel rolled instead of nearly 25% as in the recent past (and this is a rather extreme supposition). That would knock the steel rate down only to 87½%.

But others will be clamoring for the steel autos don't take.

Make due allowance for the fact that some of the recent demand for steel has been artificial; users were ordering to beat the price rise.

Yet the fact remains that many factories haven't been able to get enough steel, let alone build up balanced inventories. Salesmen for the mills won't have to press them very hard to take delivery on a good bit of the steel that autos won't be needing.

Price shading, if it comes, probably won't be seen for weeks.

—•—

Producers of things made of metal apparently have been able to build up their inventories ever so slightly in the last couple of months.

Yet their stocks are about where they stood at the beginning of the year. In the meantime, the value of goods shipped has risen 14%.

The rush to buy metals, in other words, was mainly to keep going.

—•—

Manufacturers' unfilled orders haven't quite pushed back up to year-ago levels, but they mean a good bit more than they did then.

Commerce Dept. figures, just out, show \$45½-billion worth of business on the books of factories producing durables. That's over three months' output, even at today's high rate of shipments.

But, most important, backlogs now are rising instead of falling as they were during the runoff of defense business in 1953 and 1954.

Unfilled orders, incidentally, will be topping a year ago by August.

# BUSINESS OUTLOOK (Continued)

BUSINESS WEEK  
JULY 9, 1955

Gains in construction over year-ago levels aren't quite so fat as they once were, but that's the only fault to be found with the figures.

Records, naturally, are falling in all directions:

- Value of construction work put in place in the half year just ended was over \$19.1-billion, according to government estimates. The gain over the same period last year was more than 14%.

- June's figure, at better than \$3.8-billion, not only beat any other June on record but was the biggest month ever. (The previous peak was set last August at something over \$3.6-billion.)

Privately financed construction continues to play by far the most important part in the new records for building.

The May figure nudged ahead of all previous monthly records at nearly \$2½-billion only to be surpassed by June at \$2,655-million.

—•—

Many observers—having noted how construction is rolling, how manufacturing has recovered, and how outlays for new plant and equipment are mounting—are looking beyond 1955 to 1956 prospects.

As might be expected, their basic interest is in the consumer. And their views are optimistic. It's not just that they expect high employment to continue and income to benefit from the new wage rates. It's also because a tax cut is considered a virtual certainty.

How consumers will spend their money—and how much will go under the mattress or into debt repayment—is a moot point in looking ahead. Few analysts see new car sales anything like as strong as in 1955.

By the time the current model year is over, output will have run perhaps 60% above normal junkings plus allowance for market growth. This, and the fact that 1956 models will be mostly face-liftings (and probably carrying higher price tags), will tend to retard next year's sales.

Questions also are bound to arise as to whether consumers will go on borrowing at the present rate to buy goods and pay for services.

This isn't to argue whether the present level of debt is sound.

The danger, from a business standpoint, is that people may feel like trimming sail next year when they match paychecks against debts.

Consumers now are in debt to the tune of about \$32-billion.

That's up nearly \$2-billion since the end of last year. And you find the whole rise is due to installment buying of new and used cars.

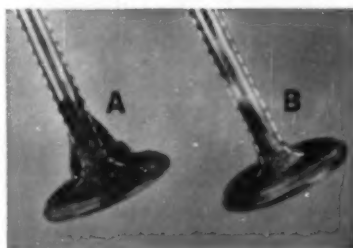
Never has any full year in the postwar period seen so large a gain in the financing of car purchases as the first six months of 1955. Auto debt now stands at the unprecedented total of \$12¼-billion.

People now find their monthly repayments on installment credit running nearly \$2.6-billion. Project this on an annual basis, and it comes out to roughly \$31-billion.

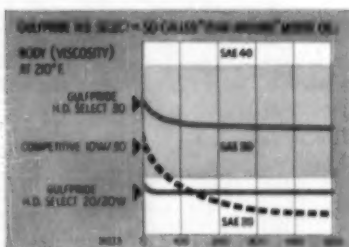


Available in 3 grades—SAE 10W, SAE 20/20W, SAE 30. Lets you follow your car manufacturer's recommendation for each season.

## New motor oil controls carbon ...will never break down in service



"Coked" valve "A" is from engine using a so-called "all-season," multi-viscosity oil. This coke-like deposit is a common cause of sluggish engine performance. Clean valve "B" is from engine using new Gulfpride H.D. Select.



See how Gulfpride H.D. Select holds its "body" (viscosity). This new oil contains no artificial thickeners that break down under heat and pressure. But note how quickly a typical multi-viscosity 10W-30 oil starts to lose its body.

The only motor oil super-refined by the Alchlor Process for modern high-compression engines.

A completely new motor oil that controls carbon—and stands up because it has "natural" viscosity. Contains no artificial thickeners that break down in service.

New Gulfpride H.D. Select—made possible by Gulf's exclusive Alchlor Process—is available in three grades . . . to give high-compression engines the finest protection, the lowest oil consumption in every season.

- Controls carbon—cause of knock, pre-ignition, valve failure and loss of power in high-compression engines.
- Combats corrosive acids, rust and deposits on engine parts.
- Assures lower oil consumption than the multi-viscosity "all-season" oils.
- Provides the toughest protective film ever developed in a motor oil.

## New Gulfpride H.D. Select

Now! For the ultimate in working octane performance and engine protection, always use Gulf's super-refined gas-oil team . . . new Gulf NO-NOX Gasoline . . . new Gulfpride H.D. Select Motor Oil.



## *For lighting at its best...* **Plexiglas**

Fine buildings deserve fine lighting. That is why more and more owners of buildings, and their architects, are specifying lighting equipment with diffusers made of PLEXIGLAS®. This acrylic plastic gives them lighting at its *best*, because it provides:

**PERMANENCE.** Rigid, strong and durable, PLEXIGLAS is noted for resistance to discoloration and to breakage. It complements the firm, solid appearance of floor, wall and ceiling surfaces.

**QUALITY ILLUMINATION.** PLEXIGLAS provides maximum transmission and complete diffusion of light, yet has low surface brightness that is easy on the eyes.

**DECORATIVE APPEAL.** When lighting fixtures have

diffusers made of PLEXIGLAS—most beautiful of all types of plastics—they are highly attractive in appearance, lighted or unlighted.

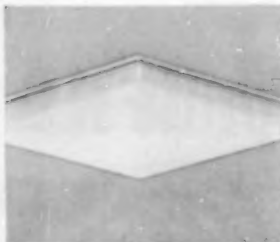
For complete satisfaction in lighting, make sure your plans include the use of PLEXIGLAS. We will be glad to send you a folder that shows many of the diffuser shapes and designs that are available. Just ask for "Architectural Lighting with PLEXIGLAS."



### **ROHM & HAAS COMPANY**

Washington Square, Philadelphia 5, Pa.

*Representatives in principal foreign countries*

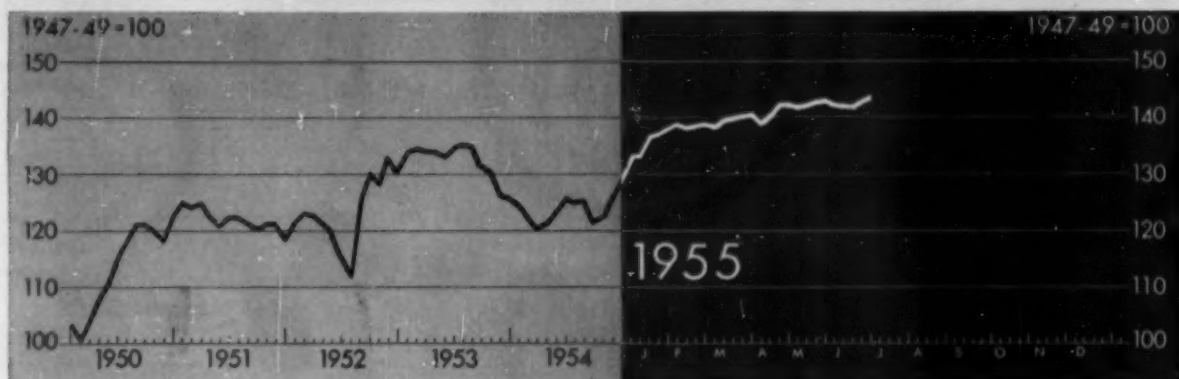


Oak Cliff Savings and Loan Building, Dallas, Texas. Lighted throughout by recessed fluorescent luminaires with diffusers of PLEXIGLAS. Architects: Prinz and Brooks.

*Canadian distributor:*  
Crystal Glass & Plastics, Ltd., 120 Queen's Quay at Jarvis Street, Toronto, Ontario, Canada.



# FIGURES OF THE WEEK



## Business Week Index (above)

\$ Latest Week	Preceding Week	Month Ago	Year Ago	1946 Average
*143.6	†143.5	142.8	125.2	91.6

### PRODUCTION

Steel ingot production (thousands of tons).....	2,164	†1,716	2,286	1,430	1,281
Production of automobiles and trucks.....	195,034	†191,890	163,731	133,141	62,880
Engineering const. awards (Eng. News-Rec. 4-week daily av. in thousands).....	\$81,832	\$78,398	\$68,731	\$54,488	\$17,083
Electric power output (millions of kilowatt-hours).....	10,138	10,226	9,537	8,825	4,238
Crude oil and condensate production (daily av., thousands of bbls.).....	†16,609	6,637	6,592	6,441	4,751
Bituminous coal production (daily average, thousands of tons).....	1,713	†1,607	1,561	1,451	1,745
Paperboard production (tcns).....	279,303	280,600	263,148	227,077	167,269

### TRADE

Carloadings: manufactures, misc., and L.C.I. (daily av., thousands of cars).....	76	74	77	68	82
Carloadings: raw materials (daily av., thousands of cars).....	58	56	55	51	53
Department store sales (change from same week of preceding year).....	+5%	+2%	+10%	+3%	+30%
Business failures (Dun & Bradstreet, number).....	231	205	203	192	22

### PRICES

Spot commodities, daily index (Moody's Dec. 31, 1931 = 100).....	405.4	406.6	399.5	437.4	311.9
Industrial raw materials, daily index (U. S. Dept. of Labor BLS, 1947-49 = 100).....	94.0	93.2	91.0	87.1	†173.2
Foodstuffs, daily index (U. S. Dept. of Labor BLS, 1947-49 = 100).....	86.3	86.6	86.2	99.6	†175.4
Print cloth (spot and nearby, yd.).....	19.0e	19.0e	18.8e	19.1e	17.5e
Finished steel, index (U. S. Dept. of Labor BLS, 1947-49 = 100).....	144.9	144.9	144.8	140.9	†176.4
Scrap steel composite (Iron Age, ton).....	\$37.17	\$36.50	\$34.00	\$26.75	\$20.27
Copper (electrolytic, Connecticut Valley, E&MJ, lb.).....	36.000e	36.000e	36.000e	30.000e	14.045e
Wheat (No. 2, hard and dark hard winter, Kansas City, bu.).....	\$2.18	\$2.16	\$2.54	\$2.09	\$1.97
Cotton, daily price (middling, ten designated markets, lb.).....	34.01e	34.01e	33.85e	34.23e	30.56e
Wool tops (Boston, lb.).....	\$1.85	\$1.85	\$1.90	\$2.15	\$1.51

### FINANCE

90 stocks, price index (Standard & Poor's).....	331.7	324.4	307.0	235.6	135.7
Medium grade corporate bond yield (Baa issues, Moody's).....	3.51%	3.51%	3.50%	3.50%	3.05%
Prime commercial paper, 4-to-6 months, N. Y. City (prevailing rate).....	2%	2%	12%	11-11%	3-1%

### BANKING (all figures in dollars)

Demand deposits adjusted, reporting member banks.....	56,160	57,127	56,011	53,319	†145,820
Total loans and investments, reporting member banks.....	84,417	84,449	84,164	80,895	†171,916
Commercial and agricultural loans, reporting member banks.....	23,483	23,433	22,636	21,884	†19,299
U. S. gov't guaranteed obligations held, reporting member banks.....	32,058	32,303	33,026	33,725	†149,879
Total federal reserve credit outstanding.....	24,815	25,055	25,001	25,901	23,883

### MONTHLY FIGURES OF THE WEEK

	Latest Month	Preceding Month	Year Ago	1946 Average
Private expenditures for new construction (in millions)..... June.....	\$2,655	\$2,496	\$2,273	\$803
Public expenditures for new construction (in millions)..... June.....	\$1,157	\$1,059	\$1,112	\$197
Consumer credit outstanding (in millions)..... May.....	\$31,568	\$30,655	\$28,372	\$6,704
Installment credit outstanding (in millions)..... May.....	\$24,149	\$23,513	\$21,487	\$3,174
Manufacturers' inventories (seasonally adjusted, in millions)..... May.....	\$43,638	\$43,316	\$44,335	\$21,238

\* Preliminary, week ended July 2, 1955.  
† Revised.

†† Estimate.

‡ Date for "Latest Week" on each series on request.

# in BUSINESS this WEEK ...

## GENERAL BUSINESS:

**PRICES START THRUSTING UPWARD.** With wages up, and steel prices up, business gets a dose of inflation that is bound to spread. .... p. 25

**A WHOLE WATERFRONT IS SOLD.** Port of New York Authority picks Brooklyn harbor for greatest marine terminal development program ever undertaken. .... p. 27

**COMMUNISTS SEEK FOOD IN THE WEST.** Poland and Hungary are dickering this week for Canadian wheat. .... p. 30

**30,000 HOTEL ROOMS.** Hilton installs a single center in Statler to handle reservations for any of the 30,000 rooms in the five-nation chain. .... p. 31

**BANK MERGER BAN . . .** is expected to become law next year, as House group gets to work on antitrust bill. .... p. 32

**STAYING HOME.** Chase Bank's decision to stay in Wall Street area may signal a revival of the district. .... p. 32

**Business Briefs . . .** p. 34

## BUSINESS ABROAD:

**BRITAIN CRACKS WHIP AT CARTELS.** Royal Commission recommends a curb on price agreements in business. .... p. 110

**COACHING LATIN BUSINESS.** Bruce Payne has built thriving trade feeding advice to hungry Latin Americans. .... p. 112

**INDUSTRY GETS DUTCH TREAT IN HOLLAND.** Rising population is forcing the Dutch to industrialize heavily. .... p. 114

## COMMODITIES:

**THE QUESTION IS: HOW SOON?** Coal might again be king fuel in U. S. as early as 1960, with utilities giving biggest push. .... p. 81

## COMPANIES:

**THE MOUSE THAT TURNED TO GOLD.** Disney diversifies from the low-profit cartoon industry with opening of amusement park (cover). p. 72

## FINANCE:

**MOVING IN ON UNLISTED SHARES.** Senate group starts hearing on the Fulbright bill, aiming to ride herd on over-the-counter issues. .... p. 52

**FED WARNS ON MORTGAGE CREDIT.** The New York bank is worried about inflationary effects of "warehouse" mortgage loans. .... p. 57

## GOVERNMENT:

**WHAT'S IN WASHINGTON HOPPER.** Defense Department has planned over-all revision of defense contract regulations. .... p. 62

**ADMINISTRATION HAS CENSORSHIP BLUES . . .** as President Eisenhower and top officials tangle with

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problem of withholding unclassified information. .... p. 68

## INDUSTRIES:

**EQUIPMENT MAKERS VIE FOR ATOMS-FOR-PEACE CUSTOMERS.** Geneva Conference will be starting gun in race for world markets. p. 86

## LABOR:

**PRELUDE TO A NEW WAGE ROUND.** The Steel industry's settlement with CIO means a staggering round of wage increases in 1955 for average employer. .... p. 122

**IN COAL, PRESSURE FOR A HIKE.** Lewis is expected to seek either higher wages or reduction of hours worked per day. .... p. 128

## MANAGEMENT:

**WHICH WOULD YOU BUY?** How Budd Company decided to take over Continental-Diamond Fibre Co. instead of some other companies. p. 103

The pictures—Russ Allen—104; Bill Clinkscale—cover, 72, 74; Henry G. Compton—27, 28, 31, 142; Herb Kratoch—27, 28, 40, 112, 142; R. G. Letourneau, Inc.—48; Ivan Masar—122, 124, 126; Structo Systems Inc.—50; W. W.—52.

## MARKETING:

**CAN IT REGAIN ITS OLD SHARE?** Department store sales are moving ahead—but apparel retailers are getting a diminishing share of the consumer's dollar. .... p. 92

**WARD'S EYES ITS MERCHANDISING . . .** as it hires firm of Amos Parish & Co., expert merchandising consultant. .... p. 100

## THE MARKETS:

**FLIERS IN THE BLUE CHIPS.** Stock speculation shifted away from the low-priced shares and into the solid issues. .... p. 132

**THE LONG AND SHORT OF TREASURY OFFER.** Terms of the new issue show that Secy. Humphrey is trying to avoid rocking the boat now. p. 134

## PRODUCTION:

**BUSINESS FLAPS OWN WINGS TO GET AROUND.** Decentralization and necessity have caused executives to fly—spurring biggest boom in history of aircraft. .... p. 40

**NEW PRODUCTS . . .** p. 48

## REGIONS:

**REVIVING THE CITY: THE MEDICINE WORKS SLOW.** Senate approved \$500-million for slowly moving urban renewal program. .... p. 142

**RAIL-TRUCK FEUD EASES . . .** as Pennsylvania's governor approves higher gross weight for trucks. p. 146

**WHOSE ORE? U. S. Steel and Kaiser Corp. fight for claim on \$50-million iron ore deposit. ....** p. 150



**This modern span** (foreground) over the Raritan River ties together the northern metropolitan and southern seashore areas of New Jersey. Nearly 750 tons of high strength, low

alloy steel containing nickel were used in expansion dams, drainage channels and railing skirts in Garden State Parkway bridges. Photo courtesy of New Jersey Highway Authority.

## "If I could only talk—!"

**I'm a bridge, as you can see.**

There are 282 of us on Jersey's new Garden State Parkway. But I'm the largest. All told, it took 10,000 tons of steel to build me!

Not just one kind of steel, either. Different types were selected because they were better for certain things . . .

Take my drainage channels and railing skirts, for example. Years ago, they'd probably have been made of less corrosion resistant materials. Lots of my ancestors were built that way, you know. And they were fine bridges until they started deteriorating.

**How proud they'd be if they could see my drainage channels and railing**

**skirts!** All made of Bethlehem Steel Company's "Mayari R", a high strength, low alloy steel containing nickel!

Where weight saving, corrosion resistance and dependable strength are the things you're looking for, nickel alloyed steels are considerable help in improving any product.

**High strength, low alloy steels containing nickel**—like "Mayari R"—are more resistant to corrosion than ordinary steel. What's more, they have *superior mechanical properties* that are really important on a bridge where you

want to save all the weight you possibly can. Why *add* weight with thick, heavy sections — when thin, light sections of nickel alloyed steels provide the strength you want?

**I know that INCO** won't mind my suggesting that you talk things over with them. *They're always ready to show people how nickel and nickel alloys can solve troublesome problems.*

**Write for . . . List A** of available publications. It includes a simple form that makes it easy for you to outline practically any problem for study.

### *Nickel Alloys Perform Better, Longer*



**THE INTERNATIONAL NICKEL COMPANY, INC.** 67 Wall Street  
New York 5, N.Y.



*Drivers are always within earshot  
with Bell System  
mobile facilities*

You get the most efficient use of company vehicles when you can reach your driver directly by telephone at any time. The Bell System offers several types of Mobile Radio arrangements.

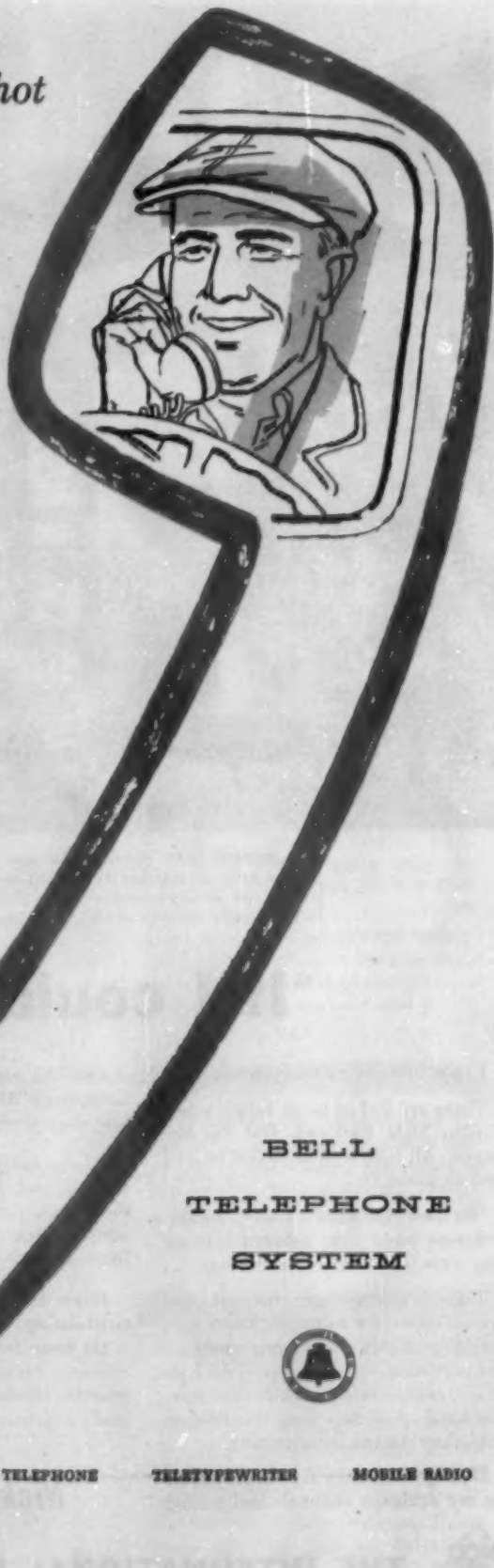
**General Service:** Your fleet can be reached from any telephone. Also, your drivers can call any telephone reached by the Bell System.

**Dispatching Service:** Your dispatcher can talk to any units in your fleet.

**Signaling Service:** Your drivers can be signaled over this one-way service and carry out any prearranged instructions, such as calling your office from a public telephone.

**Private Mobile Systems:** Radio equipment will be provided and maintained for eligible radio licensees. You get the advantages of Bell System engineering, installation and maintenance experience.

Mobile communications can be engineered to meet your specific requirements. For a free survey of your needs, simply call your Bell Telephone business office.



BELL  
TELEPHONE  
SYSTEM

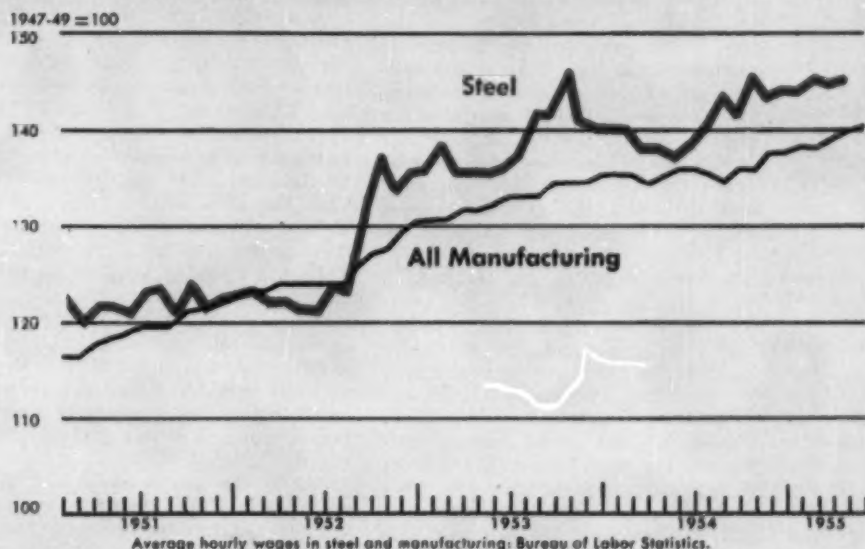


TELEPHONE

TELETYPEWRITER

MOBILE RADIO

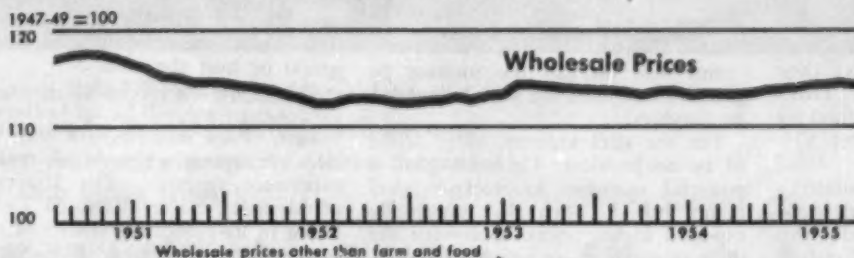
## Wages have been gaining steadily ... and now Jump



Steel  
Settlement  
15 cents

## But prices have stayed down ...

... until Now



?

Data: Dept. of Labor.

©BUSINESS WEEK

# Prices Start Thrusting Upward

The inflation ball is rolling.

Ford, General Motors, and the UAW-CIO put the ball in play with their wage settlements.

U.S. Steel and the CIO Steelworkers gave it two fast bounces last week-end. Both the 15¢ steel wage settlement and the \$7.35-a-ton price increase were unexpectedly large.

This week the word inflation—in the sense of a series of price increases—is on everyone's tongue.

• **Pyramiding**—Clearly in sight is a round of cost inflation for industry.

For many businessmen, there'll be a pyramiding of costs. Steel fabricators

start now paying 6% more for steel. In the months ahead, many of them see their own unions winning something like the 15¢ won by David McDonald for the Steelworkers (page 122). Other materials will go up.

Aluminum, which has traditionally accepted steel's wage deals and traditionally passes on the higher costs immediately, begins its bargaining this month. John L. Lewis, who passed when wage increases were being handed out in 1953 and 1954, has told his friends that he can't pass again this year (page 128). Copper, now poised on the high peak of a 36¢ price, cer-

tainly won't be much cheaper this year.

All this changes the patterns of checks and balances that go into the making of millions of prices throughout the U.S. Thousands of businessmen—many of them in businesses remote from steel and Pittsburgh—now have three new elements in their calculations:

• A psychological barrier has been broken. Industrial prices are still below their post-Korea high point (chart). For a year or more businessmen have been saying they'd like to raise prices because costs were pressing up—but they felt they couldn't. That feeling

was changing before last week—Detroit has been thinking for some time that it would raise prices (BW—Jul.2 '55,p25). U.S. Steel's double-play last weekend dramatized the change.

- The consumer market may be more willing. High employment and overtime have swelled U.S. incomes. Wage increases on the steel pattern—putting \$6 or better into weekly pay packets—may reduce resistance to higher prices at retail.

- Costs will continue to pyramid. Industry has been racking up impressive gains in efficiency—productivity has been rising something like 3% a year. But the new wage and material costs double that.

## I. Multiplication Table

How the pyramiding works is shown in a calculation on autos. Just the basic increase in steel costs multiplied by the pounds of steel in the car would give you a figure of \$10 to \$15. But it's not that simple. The car you buy has about 2,000 lb. of steel in it. But when you allow for what's lost in processing, the industry has to buy 3,300 lb. to 3,500 lb. of steel for each car.

The real multiplying comes in the extra labor costs all along the line. Steel is marked up this week to allow for the steel mills' higher wages; next week it goes to a fabricator who makes a part for subassembly, say a carburetor part. He adds his wage increase. The outfit that does the subassembly has another wage increase to include. And, finally, the auto companies have their own wage increases to cover. That's why Detroit's cost experts are thinking in terms of raising their prices \$75-\$125 per car.

- One Chance—The steel industry's own cost calculations have had to be updated sharply—and that's why this week's price increase was \$7.35 instead of the \$5 or \$6 outside observers expected. Ever since the days of wartime price control, the standard calculation has been that the industry needed 40¢ in higher prices to cover each 1¢ in higher wages. In this case, that would work out to \$6.

But the industry took a good hard look at its costs and found the old 40-to-1 didn't work. The ratio, the cost men found, probably should have been more like 60-to-1. In their thinking was a stress on two elements:

- Cost increases may come the year round—but industry practice gives you only one chance to raise prices. For example, ore costs went up this spring (BW—Feb.26'55,p32) and coal costs will go up this summer or fall if John Lewis wins a wage increase. This price increase has to cover both of those hikes.

- The industry has a lot of expanding to do—and must be able to finance it. It's figuring that it will have to add something like 65-million tons of capacity in the next 25 years (BW—May7'55,p26).

The pinch on supply is being felt right now. One Pittsburgher, a purchasing agent who has to buy a lot of steel, put it this way this week: "We're straining our steel capacity right now—and defense business is negligible. I don't mind paying more for steel if the industry can finance its expansion that way. I figure the mills have got to grow faster than the economy does—or I'll be hurt every time the military wants a few tons of steel."

- Refiguring—This week companies all across the country are refiguring their costs in the same way. A major machine tool maker, figuring that \$4,000 worth of steel and castings goes into a \$12,000 tool, expects to pay about \$200 more. But then there'll be higher prices for motors, controls, bearings, clutches, and other equipment. By next year, that \$12,000 machine may bear a price tag somewhere between \$12,500 and \$13,000.

And a little outfit making coat hangers for the cleaning and laundry trade figured much the same way. "We could eat a 10% increase in steel. But add 15¢ an hour for our own employees, and we've got to pass the cost on. Our customers, too, will pass it on to their customers."

## II. Up to the Consumer

But how far can the increase be passed on? That's the multibillion-dollar question.

For the steel industry, there seems to be no problem. Customers had a powerful incentive to stockpile steel before July 1, when they universally expected higher prices. But—with the mills as much as six weeks behind orders on some products—chances are that not too much steel went into inventory. This week's shutdown—only 12 hours on the books, but it may cost some mills a week's output—will offset much of what had been built up in inventories.

A good many fabricators feel they have to pass it on. There's a small boat builder in Arkansas who says, "In the last two years we've absorbed two increases in material costs and three wage increases. Now I've got to hike the price even if the customers revolt."

- Doubts—As you move out on the chain, the prospect of price increases begins to get stickier. The vice-president of a Midwest steel company shakes his head when he thinks of what higher prices will do to steel exports. Higher prices here will also give Europeans

more of a market for finished steel items. And he sees the farmers putting up a stone-wall resistance against higher prices.

## III. End of the Line

It's when you get out to the end of the chain—to the man standing on the other side of the retail counter—that the question is biggest. And it's here that there are no answers in sight.

Auto dealers don't worry about the cars piling up on them now—they think the inventories will melt as buyers rush to beat a price increase on 1956 models. But they worry about those 1956s—particularly the ones that will be turned out by independents squeezed by the market-building drive of Ford, Chevrolet, Plymouth, and Buick, which are free to scramble all the harder now that the threat of a strike is ended.

There's a similar situation in other hardgoods. Production—and sales—are booming for the makers of refrigerators, appliances, television sets, and a host of other metal-using products. Right now, the indicators show sales and new orders higher—and inventories lower—than a year ago in almost every major industry.

But if the customers should slow up, or should shift their buying from, say, outdoor furniture to men's suits, a lot of businesses would feel the cut-back fast. Cancellations would pyramid on the downside just as orders for the mills pyramided on the upside as business emerged from the 1953 recession. And the weaker companies, of course, would be hurt the most.

- When to Buy—Whether there are casualties or not will be up to the customers. Price increases will brake the sales of consumer goods, if postwar experience repeats. The University of Michigan Survey Research Center found in its pioneering studies of consumer buying patterns (BW—Special Report, Aug.21'54) that only 31% of the people who felt prices had been going up thought that made it a good time to buy. A big majority felt the best time to buy was when prices were steady or going down.

Generally, though, a massive change in thinking among the U.S.'s millions of customers takes a long time to develop. It will take months for this week's higher steel costs to trickle out into prices of retail products. It may be six months or a year before the University's researchers detect a major swing in consumer sentiment.

For the buyers are storming the counters now. And their incomes, too, will be going up. So this summer's cost increases may not really be tested in retail prices until next winter—or even later. The customers have their own calculations to make.





**Two-mile strip of Brooklyn waterfront, running to Brooklyn Bridge will become Port Authority property. Area begins at ship basin (right).**

## A Whole Waterfront Is Sold

The aging Brooklyn waterfront got itself a new landlord last week, one that was full of talk of fixing up the place.

In what it called "the greatest marine terminal development program ever undertaken" in the harbor, the Port of New York Authority announced: (1) the purchase from New York Dock Co. of a two-mile strip of piers running from near the Brooklyn Bridge to the Atlantic Basin; (2) a plan to spend \$85-million on the property over the next 10 years to bring it up to date.

• **Package Deal**—Under the terms of the deal, the Port Authority—the giant quasi-public agency set up to administer the New York-New Jersey port empire—is paying New York Dock \$13,750,000 for property the company says

is assessed today at about \$15-million. In the package are 28 piers and wharves, most of them fronting on the East River Channel, and roughly 50 acres of upland area and warehouse space. The piers are at least 35 years old, and some are almost double that. Part of the storage space is even older.

Officially, New York Dock's reason for selling is that private enterprise, operating under the tax laws, couldn't possibly take on the modernization needed in the area. "It is not a distress situation at all," Clifford E. Hicks, the company's president says. New York Dock, which up until now, has had the biggest private pier system in the U.S., will continue to operate what's left of its holdings in the terminal, including the New York Dock Ry. Although

the sale requires the O. K. of stockholders, Hicks says there is no possibility of an upset.

• **More Authority**—To those who have watched the Port Authority closely over the past few years, all this was a clear sign of the change in tides that has been going on within the bi-state agency. As of now, it has produced two unmistakable results: a closer involvement than ever before in the shore-side problems of the port; the responsibility for improving a going, profitable operation, rather than just a marginal one.

Through most of the years since it was set up in 1921 by the legislatures of New York and New Jersey, the Authority steered clear of the actual harbor side of the port. Operating



**OPEN PIERS**—three of them—are part of 26-pier package sold by New York Dock. From 36 to 65 years old, they make up third of

under the sweeping powers of the 1921 compact—which gave it a clear field to “purchase, construct, lease and/or operate any terminal or transportation facility” within the Port District—it pretty much kept to transportation—as its knitting. It built bridges, tunnels, took over airports and, with the tolls it collected, expanded its empire piece by piece. By the end of World War II, its only marine facility was a Brooklyn grain terminal, which it put under its wing in May, 1944.

• **Wrinkles Show**—As long as wartime make-up kept a bloom of health on the harbor’s face, the Authority’s detachment from the waterfront—and its liking for the pleasant tinkling of tolls—seemed a not unnatural thing. But in the postwar, the wrinkles of the queen port—its old and rotting wharves, its impossible trucking snarls, its fire-traps—began to show. Where New York had handled 43% of all the foreign and coastwise freight of the seven leading Atlantic and Gulf Coast

ports in 1935, its share in 1947 was down to 38%. Then and there, pressure—political and otherwise—began to build up for the Authority to do something about it. This pressure has continued, off and on, through the years, and in last week’s deal most people saw it as more than an incidental force.

• **First Try**—In 1948, the Authority did try to do something. It offered to take over and operate the piers owned by the City of New York and to spend \$114-million on the shoreline over a 12-year period (BW—May 29/48, p40). But the city, with the warm taste of political gravy in its mouth, declined the offer.

The same year, however, the authority did move into Port Newark, taking over the port operation under a 50-year lease with the city; to date, it has poured \$21-million into improvements and has built seven cargo terminals with five new wharves. In 1952, it made a similar deal in Hoboken under which it took control of piers that had been

operated by the U.S. Maritime Commission. It has already added one new pier—the biggest in the harbor—is building another, and has leased both to the American Export Lines.

At this point, Port Newark is producing net income, although Hoboken isn’t yet. At the end of last year, about \$31-million of the Authority’s total investment of \$519-million in port-area facilities was in marine terminals.

• **New Tack**—Whatever else it did, the Brooklyn deal last week made it clear that in several respects the Authority was now taking a different tack on the waterfront. For one thing, it had moved into a private operation; for another, it was taking over a money-making, not losing, proposition.

Actually, New York Dock had proposed a deal to the Authority as far back as 1952. The offer then was turned down, and not for price.

The Authority says it still hoped then that private capital would put up the money for the modernization.



Brooklyn's general cargo piers.

That is where the change shows. It's now ready to take over a private operation with a good potential—and assume that the private money, not having come, won't.

• **Cloudy Issues**—Just what the Authority intends to do in the terminal area isn't clear yet, beyond the fact that it intends to spend close to \$85-million on it. Nor is it clear just how its move will affect labor conditions on the racket-ridden waterfront, now dominated by the International Longshoremen's Assn.

On this count, there is hope that it will be able to strike some blow—through better policing—at the rackets and pilferage that have long plagued shippers. There is no doubt that the Authority's sympathies were with AFL in last year's AFL-ILA battle for waterfront control. Today, Port Newark remains an enclave of AFL strength.

• **On Planning Board**—So far this year, the Authority has announced three big projects in its bi-state bailiwick, though



BATTERED BY AGE, dock area is slated for \$85-million fixup over next ten years.



FOREIGN CARS move through terminal. Area handles 25% of port's general cargo.

the Brooklyn deal is the only one involving the waterfront.

The biggest of these is a joint \$379-million arterial program that the Port Authority will undertake with the Triborough Bridge & Tunnel Authority. Under it, the Port Authority will build a double-deck suspension bridge across the Narrows from Brooklyn to Staten Island and will put a six-lane lower deck on the George Washington Bridge. The cost of these two is figured at \$286-million.

Although the Port Authority will build the Narrows bridge, the plan is for it to lease it to the Triborough Authority which has said it wouldn't be in shape to finance the structure for at least 10 years. Sometime before 1969, though, Triborough is supposed to buy it for its own.

• **Pro and Con**—By and large, this joint arterial program, which represents at least a partial attempt to move traffic around New York rather than through it, has drawn as much praise as it could

stand. New York City and the state have both approved it, although New Jersey hasn't acted yet. The only serious criticism of the plan, which also calls for \$192-million in state-federal connecting highways, is its failure to provide direct relief for cross-Manhattan congestion.

The Authorities turned down again any cross-town elevated expressway on the grounds that it couldn't be made self-sustaining.

In February, the Port Authority announced it would go ahead on a \$60-million passenger terminal development at New York International Airport. Up to now, Idlewild has been operating with temporary facilities, which the Authority said it would replace when it took over running the field from the city in 1947.

Meanwhile, Howard S. Cullman, who was chairman of the Authority from 1945, has stepped down and Donald V. Lowe has taken his place. Cullman is now honorary chairman.



# Soviets Seek Food in the West

● Poland and Hungary are dickering with Ottawa for Canadian wheat.

● That—combined with other heavy purchases in the West—indicates that the food deficit is growing in the Communist world.

● While the Kremlin is quick to deny it, it may be partly the Soviet farm crisis that has led to Geneva.

The Communist world is turning to North America for food. Poland and Hungary are dickering this week for 500,000 to 600,000 tons of Canadian wheat. That would be about a sixth of what Russia has been supplying to the satellites for the past couple of years. It looks as if the Poles will sign for about half that amount in two or three weeks; the Hungarian business may take longer. The Polish deal is based on deferred payment and a price well below the U.S. level.

In Western capitals, this move is taken as a clear sign that the current agricultural crisis in the Communist world is one of the big reasons why Moscow wants to end the cold war. Because of the timing of the Polish bid, some Western observers also conclude that trade definitely will be on the East-West bargaining table during Geneva and following negotiations.

The Polish move is not, economically or politically, an isolated incident. Polish trade officials first started putting out feelers in Ottawa three or four months ago. This was just at the time Moscow began (1) making large purchases of sugar and butter in the West, bigger even than in 1953; and (2) making its bid for an East-West truce by offering an acceptable Austrian peace treaty.

• **Strategy**—Moscow, of course, isn't admitting that the agricultural crisis has anything to do with Geneva. On July 4, during an unprecedented appearance of top Soviet officials at the U.S. Embassy, Communist Party boss Khrushchev claimed in a public statement that everything is going well with the Soviet economy, including the agricultural sector. He denied that Russia would go to Geneva with "broken legs."

But Khrushchev himself has been telling a different story at top Communist gatherings. Last year he admitted that a "disproportion" exists between "the quantity of grain at the disposal of the state and the increased amount required." Khrushchev was referring here to the satellite's needs as well as to Russia's domestic requirements. And

all the evidence indicates that things have not improved since then, that the Soviet bloc's food deficit is growing. Nor can it be expected that this year's harvest will remedy the situation.

• **Dwindling Harvest**—Traditionally, both Russia and the East European area now under Soviet control have been large grain exporters. If you go back to the Czar's days, Russia was one of the world's leading suppliers. Even in the 1930s, Communist Russia exported grain in sizable quantities. And Eastern Europe, with Hungary providing by far the most, regularly exported several million tons of grain.

By 1953-54 the whole picture had changed drastically from prewar days. Because of Soviet-enforced industrialization and farm collectivization, Eastern Europe had become a grain-deficit area. It was, in fact, importing about 3-million tons a year from Russia. Moscow couldn't have given the satellites that much, though, if Russia hadn't been getting grain from Red China.

This year, Moscow can no longer squeeze even minimum satellite grain needs out of the Communist trading bloc. Red China has had to cut its food exports to Russia because of its own desperate food situation—a result of two years of combined drought and flood. Then there is the Soviet Union's uncertainty about its own 1955 harvest, especially in the "virgin lands."

• **Feelers**—There was a time when the Kremlin might have solved this problem merely by squeezing domestic consumption a little tighter. But the present Soviet regime isn't strong enough to do that. Actually, it's under great pressure from the Russian people to raise living standards.

Thus, economic and political necessity is forcing the Poles and Hungarians to come to North America for wheat. The chances are that these purchases, assuming they are made, will lead to more Soviet bloc buying on this continent. It's quite possible that they are meant as feelers to Washington—to see if the political climate is right for even larger purchases in the U.S.

At the moment, there is no sign of a change in U.S. policy toward food sales to the Soviet bloc. Public law 480 forbids the barter of agricultural surpluses to Communist countries. Administration policy is to sell surpluses to these countries only for dollars at the U.S. support price or above.

• **Bargaining Point**—At some stage in the current round of East-West talks, U.S. policy could shift. State Secy. Dulles apparently sees bargain sales of our farm surpluses as one of the things we might offer to trade in a large political settlement—though you can be sure he would hold out for solid Russian concessions.

If East-West bargaining should reach this point, the whole trade prospect would change. You might even see the Russians admitted to the International Chamber of Commerce, in which U.S. exporters play a large role. Of course, that wouldn't bring a sudden surge in trade between East and West. There would still be the problem of how the Communists could pay for more Western goods except by using Moscow's gold and the problem of how Western traders could manage to deal efficiently with Communist state trading organizations. Even so, East-West trade relations would probably be on an entirely new footing within a few years.

## Reserve Plan Revives And Heads for Passage

The Administration's military reserve program has been brought back from the dead, and is well on its way to passage in almost its original form.

The reserve training plan had been given up for lost after it got snagged on a rider banning racial segregation in the National Guard (in which reservists could train). The revived bill voted by the House last week and headed for Senate passage omits the rider—and the Guard provisions (sponsors say they're not important).

The bill aims to build the trained reserve from 700,000 to 2,900,000 by 1960. It requires all men entering military service to serve a total of six years in active duty and in the reserve (Eisenhower wanted eight). Draftees serving two years active duty would have three in the "ready" reserve; those who enlist, in the Air Force say, for four years would have one year in "ready" reserve. The sixth year would be in inactive reserve. There's also a training program for youths 17½ to 19, with six months active duty, seven and a half years in reserve.



RESERVATIONS for any of the 27 Hilton hotels can be handled by this new operation in New York. Big panel at left shows what rooms are available when in each hotel.

## On Tap: 30,000 Hotel Rooms

New York's Hotel Statler, one of 27 in the Hilton Hotels Corp. chain, is a big, busy place surrounded by howling traffic. On its 19th floor, there is a small office room quiet enough to dream in. It is decorated with great care and with much attention to soothing kinds of color. It is air conditioned. There is a thick rug on the floor and acoustical tile on the ceiling, so that the occupants can move around almost soundlessly. In the background, soft music plays.

It is almost impossible to be anything but calm in this limpid pool of tranquillity. The room was designed that way. It houses a new operation named Hilcron, short for Hilton Central Reservations Office, New York. Hilcron is a kind of operation that, if not carefully controlled, could degenerate into nightmarish confusion. It is designed to

handle reservations for any of the 30,000 rooms in the five-nation Hilton chain.

• **System**—Almost every big hotel chain has some kind of system whereby travelers in one city can reserve rooms in another. But according to Hilton, nothing so elaborate nor so fast-moving as Hilcron has been tried before by hotels—though railroads and airlines have used setups like it for years.

The nucleus of Hilcron is a panel 30 ft. wide and 6 ft. high, called the Availability Board. This panel carries the names of Hilton hotels, and under each name, calendar-like, the dates of the current month and the following two. The dates are in removable numerals, and the numerals come in five colors. Each color is a code signifying something about the room situation in that particular hotel on that particular

date. Pink, for instance, signifies that no rooms at all are available. Yellow means that all suites are sold out. Blue means that no salesmen's sample rooms can be had. The Availability Board is kept up to date by a continual flow of information into Hilcron from all 27 hotels.

Ranged along a desk in front of the board are the Hilcron operators, girls picked for pleasant telephone voices, clear handwriting, general clerical abilities, and unruffled personalities. Their job is to take calls from prospective customers and, with an eye on the board, to reserve rooms for them. Reservation slips go from Hilcron to the various hotels mainly by airmail. Last-minute reservations go by teletype or cable.

• **Profit**—All this is largely the idea of Robert J. Caverly, assistant vice-president of Hilton Hotels. According to him, the Hilcron system has all sorts of advantages over the old, somewhat haphazard system of inter-hotel reservations. Most notable advantage is that it offers New York-area customers quick, efficient service. A New Yorker embarking for some other city may choose a Hilton hotel in that city simply because he can reserve a room there for a quick 10¢ phone call. Under the old system, he would have had to call or write to the distant hotel, or else call a New York Hilton and wait (or impatiently hang up) while the necessary information was dredged up. Furthermore, the whole system failed to gain his confidence. Until he actually walked into his hotel room, he was nagged by a persistent fear that his reservation had gone astray somewhere in the confusion.

Hilcron can also help the five New York Hiltons. If a customer asks for rooms at the Plaza, and the Plaza is full, Hilcron can send him to one of the others.

Hilton has a small Hilcron-like operation working in Washington, D. C., and plans another in Boston. If the New York system succeeds, the company may set up similar machinery in Chicago and Los Angeles.

• **Test**—There's every indication, Hilton says, that Hilcron will succeed admirably. The company has not publicized it intensively yet; for the idea has been to accelerate slowly, fix up the inevitable minor troubles that arise, and let the girls get used to the work. Still, a Hilton official says that there has been a "noticeable" increase in the amount of business originating in the New York area—much of it, presumably, a result of Hilcron's early work.

Hilcron, as it is now set up, costs some \$5,000 a month to operate, consists of 11 people, and can handle some 20,000 phone calls a month. But it is expected to grow.

# Bank Merger Ban

**Tighter antitrust controls look certain for next year as House group takes up Celler bill.**

By this time next year, Congress is almost sure to give federal officials wider powers to stop or regulate bank mergers.

This became plain this week when federal banking agencies presented their views on a bill sponsored by Rep. Emanuel Celler (D-N.Y.) in hearings before the House antitrust subcommittee. Most of the differences among the witnesses were not on the need for stricter controls but on the form they should take.

The growing number of bank mergers has built up fairly solid support for new antitrust legislation among congressmen and Administration officials. Estimates of the number of bank mergers this year range from 240 to 350, compared with 100 in 1952, which was the highest number since 1939.

• **Disagreement**—The split over the form of the legislation comes over the question of whether new bank merger controls should be written into existing banking laws or into the Clayton Antitrust Act. The real question here is whether the controls should be administered by the Justice Dept. (Clayton Act) or the various federal banking agencies. Both the Justice Dept. and the Federal Reserve Board favor amendment of the Clayton Act. The Federal Deposit Insurance Corp. and the Comptroller of the Currency prefer regulation through banking laws.

Celler has proposed putting banks under the same antimerger law now applicable to industrial corporations. This is the law the government is using to block the proposed merger of Bethlehem Steel Corp. and Youngstown Sheet & Tube Co.

• **Fed's View**—FRB Chmn. William McChesney Martin favors Celler's proposal but wants amendments. He wants Congress to give the Justice Dept. exclusive authority to enforce the antimerger law on banks. Under the Clayton Act FRB has regulatory powers, but has used them only once. That time it lost a court test of its interpretation of the law in a case involving Transamerica Corp. Martin also wants all bank mergers and consolidations to be reviewed by the appropriate banking agency. But Justice would have the last word.

Basically, Martin thinks FRB—and the other banking agencies—are supervisory and administrative, not law enforcement agencies. He'd like them kept this way.

Antitrust chief Barnes agrees with Martin on all the main points. He says it will be impossible to stop some mergers if the attempt to tighten control of bank mergers is done through the banking laws.

• **Possible Prosecution**—Barnes said that his staff is still checking into the legal angles of the recent Chase National-Bank of Manhattan merger. He also said he's looking into the proposed merger of Philadelphia's Pennsylvania Co. for Trusts and the First National Bank.

Between them, Barnes and Martin are likely to have the most influence in Congress. But the other agencies—FDIC, and Comptroller of the Treasury—have the backing of Treasury Secy. George M. Humphrey and carry some weight, too.

Basically, these two agencies want to keep the yes or no on mergers of banks in their own hands. They'd leave it up to themselves—not Justice—to decide whether the merger is illegal.

Best guess is that the Celler-Martin-Barnes viewpoint will prevail. This isn't likely to come this year, but a law is considered certain for Eisenhower to sign before next year's elections.

## Things Look Good To Weeks' Businessmen

Business for the next six months looks good to the 25 industry divisions of the Commerce Dept. Business & Defense Service Administration. Only steel, autos, and machine tools are down for declines.

The report issued by Secy. Sinclair Weeks is the second one in which BDSA has dipped into prophecy—a role rigidly avoided by the old-line government economic agencies. At the first of the year, the division successfully foresaw the upward trend of the first six months to stay high enough to set an all-time record for the year. Many of the BDSA divisions are staffed at the top by businessmen doing a temporary tour of duty in government. They keep in close touch with their industries, and believe they can make useful predictions despite the lack of definite, statistical measurements.

By contrast, the Commerce Dept.'s Office of Business Economics, staffed by professional economists and statisticians, will never make a forecast, no matter how plain the trend of business might be. The President's Council of Economic Advisers, under Chmn. Arthur Burns, is equally cautious. BDSA under Charles G. Honeywell, its administrator, intends to fill this vacuum. Another forecast will be published early in January unless present plans are changed.

# Staying Home

**Chase Bank's decision not to leave Wall Street may signal a revival of the district.**

There has been some fairly unhappy talk in recent years about the apparent slow demise of Wall Street as the nation's financial hub. But now the Chase Manhattan Bank, one of the Street area's venerable old-timers, is mulling over some thoughts that point to a possible reversal of the trend.

The Chase needs more space. If it were to follow the lead of other big financial institutions, it would move out of its Pine Street headquarters and set up anew in Manhattan's midtown area. But the Chase is almost certain that, one way or another, it will stay in the financial district that it knows and loves.

• **Scheme**—No plans are on paper yet; nor has the Chase or anybody else involved made any final decisions. But here is what is likely to happen:

• The Chase may build itself a shiny new skyscraper on the site of the old Mutual Life Insurance Co. building, which has its front entrance on Nassau Street. The Chase owns this building, which was vacated by Mutual in favor of a midtown site. The Chase also owns property next to the old Mutual building.

• The Chemical Corn Exchange Bank, which also needs new space and has been looking thoughtfully midtownward, may buy the Chase's present headquarters building as the Chase moves out. William Zeckendorf, president of the big real estate company Webb & Knapp, Inc., would help the two banks work out the deal.

• In moving into its new skyscraper, the Chase would probably vacate various other buildings and parts of buildings that it occupies through the Wall Street area. This would leave room for other big Wall Street institutions that are looking for expansion space.

• **Turning Point**—All this could signal a new day for Wall Street. Banks and other companies that have moved from the area have done so mainly because it is densely crowded and because real estate there is staggeringly expensive—probably more so than anywhere else on earth. But the reason for staying there is a strong one: Half the people a bank does business with are there.

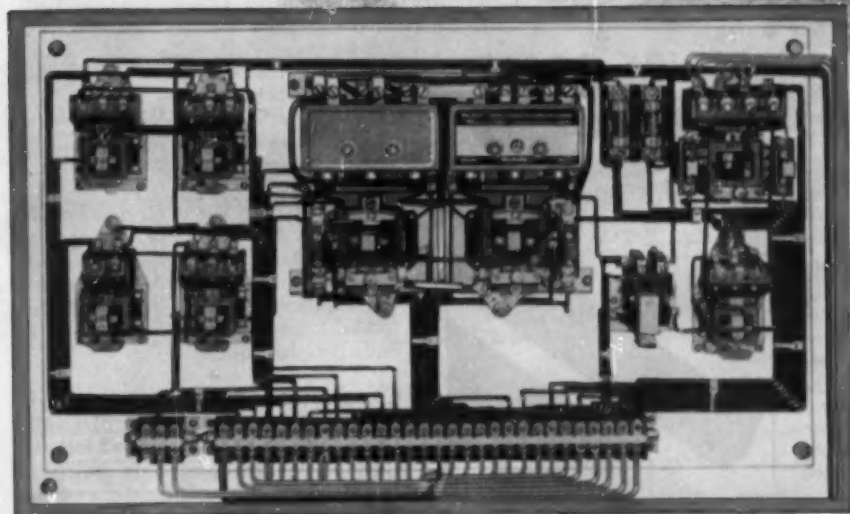
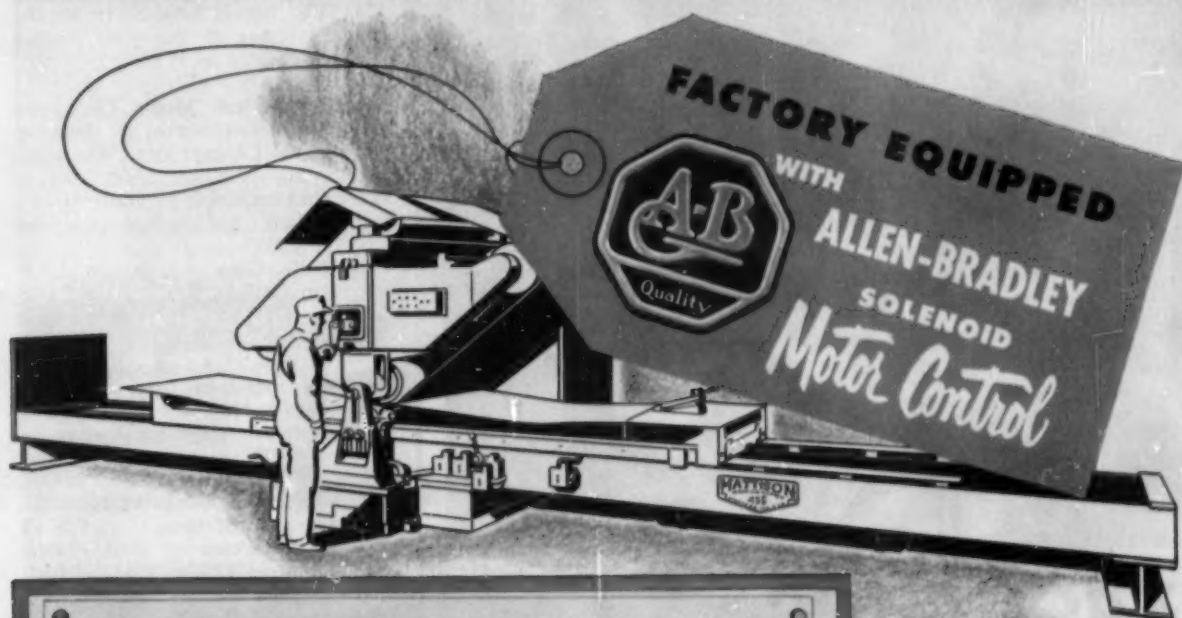
A Chase official remarked last week of a company that had moved uptown: "The officers spend more time down here than they do in their own building."



# MATTISON

WIDE BELT

## GRINDING AND POLISHING MACHINE



*Allen-Bradley control panel used with the Mattison Grinding and Polishing Machine. This panel contains controls for reversing the table motor and belt control.*

This wide belt grinding and polishing machine is used for finishing stainless steel sheets. Mattison specified Allen-Bradley motor control for this machine, being acquainted with its simplicity and resultant reliability.

Allen-Bradley motor starters have only *one* moving part. This is your assurance of millions of trouble free operations. The motors are safely protected by two solder pot thermal overload relays that are not affected by atmospheric conditions—they remain accurate in their operation.

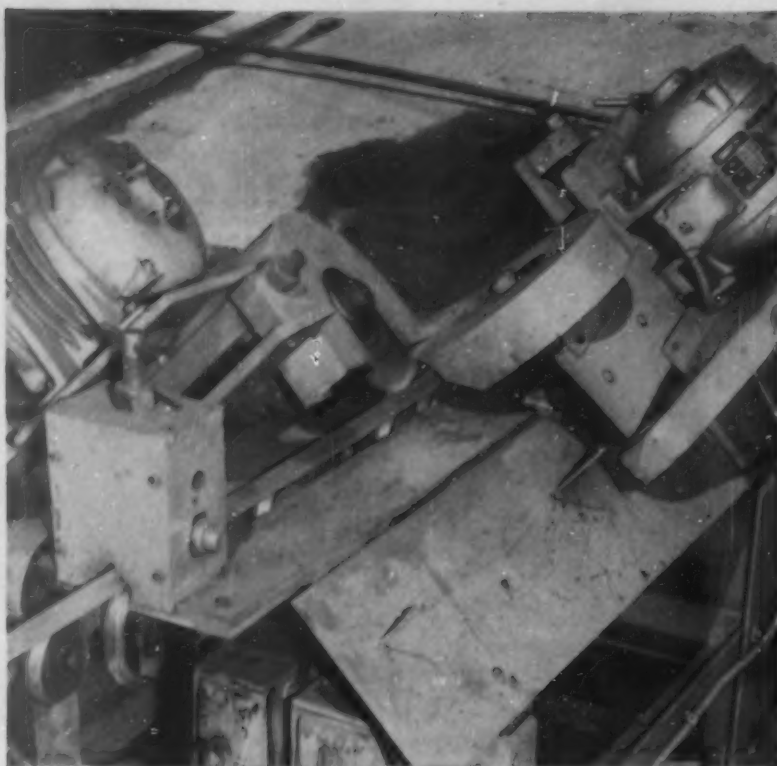
Specify Allen-Bradley control—it will give you the best in performance and dependability.

Allen-Bradley Co.  
1332 S. Second St., Milwaukee 4, Wis.  
In Canada—  
Allen-Bradley Canada Ltd., Gait, Ont.

### ALLEN-BRADLEY SOLENOID MOTOR CONTROL

QUALITY





## FAST PASS STRIPS SCALE to save money on material!

*A cost-reducing idea an OBA can duplicate in your plant*

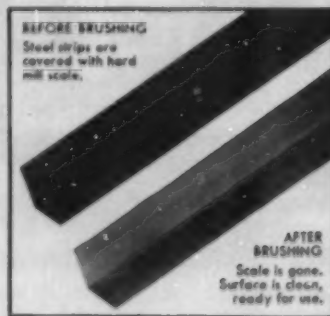
This manufacturer takes advantage of a price differential by buying a grade of angle iron that still has mill scale on it.

**The Problem:** How to remove this hard scale and still save money over purchasing a more costly grade of steel that has been pickled.

**Here's what they do:** The angle iron bars are fed through a simple brushing machine against two Osborn Master Wheel power brushes. In one pass, these Osborn Brushes effectively remove the hard, flint-like scale ... at a rate of 150 feet a minute.

The strips come clean, ready for production.

You benefit many ways by having an Osborn Brushing Analysis made of your cleaning and finishing operations. You can improve the quality of your product, automate your methods and cut manufacturing costs. Write us about an OBA. The Osborn Manufacturing Company, Dept. A-61, 5401 Hamilton Avenue, Cleveland 14, Ohio.



# Osborn Brushes



BRUSHING METHODS • POWER, PAINT AND MAINTENANCE BRUSHES  
BRUSHING MACHINES • FOUNDRY MOLDING MACHINES

## BUSINESS BRIEFS

Loss leaders are out in Massachusetts, the State Supreme Court has ruled. The court held for a food retailer who accused a larger competitor of selling for 15¢ a loaf of bread that cost him 17¢. The suit is believed to be the first court test of the state "unfair sales act," passed in 1938.

**Expansions:** Ford Motor Co. plans to build a 1.5-million sq ft. stamping plant in the Chicago area. The plant would employ about 2,500, and is aimed for completion by mid-1956; it's part of Ford's \$625-million expansion program (BW-Jun. 25 '55, p. 32). . . . Cone Mills Corp. has bought 1,000 acres near Carlisle, S. C., for a textile finishing plant, to cost \$5-million and employ 700.

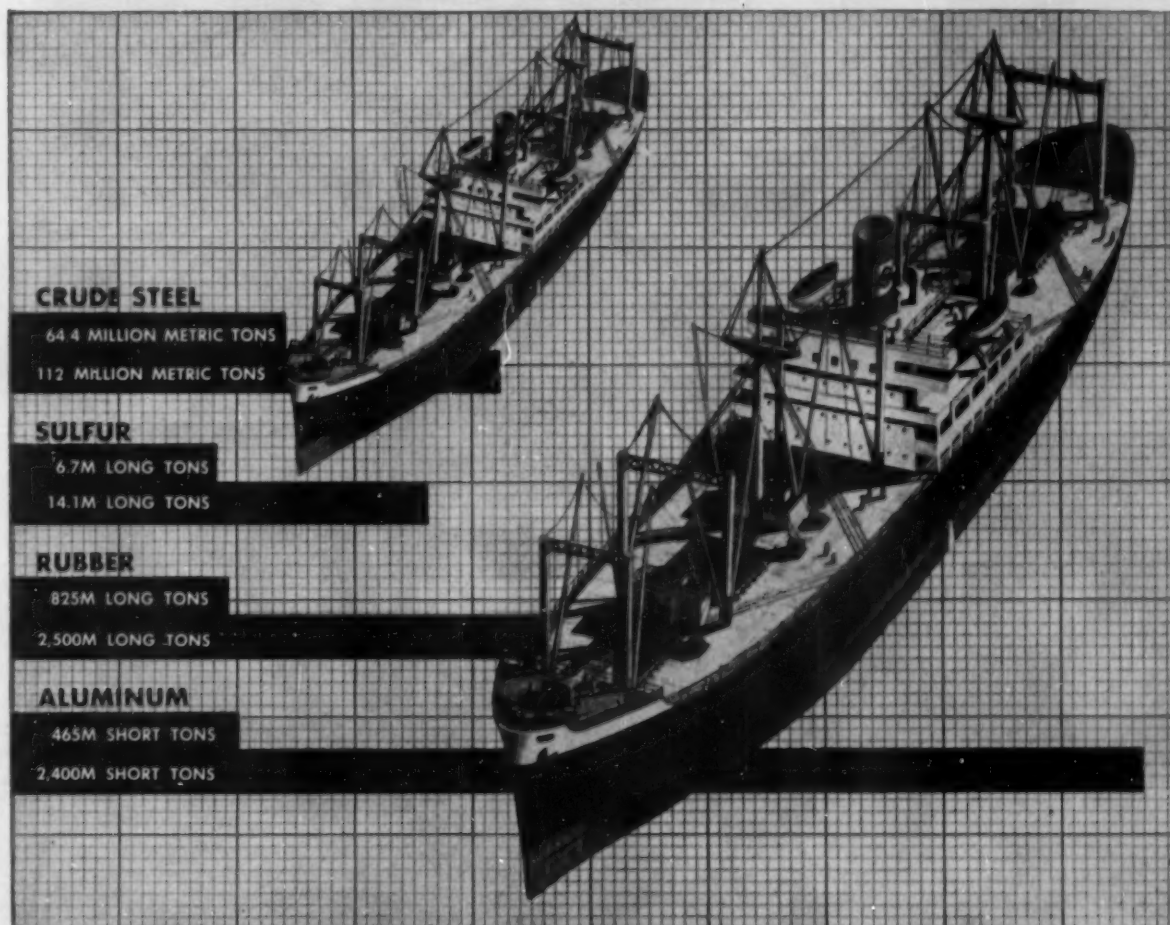
**Economic indicators** from here and there: During May, new orders poured in on manufacturers faster than in the previous month, or in May, 1954. New orders for May totaled \$26.7-billion, highest since January, 1951, on a seasonally adjusted basis. . . . For all of 1955, the Commerce Dept. expects major industries to set records in both production and sales. . . . Railroad trade figures indicate that third-quarter car-loadings should be 10.4% above the year-ago period.

Mopac settlement finally seems to be in the cards. Holders of most types of securities and debts in the Missouri Pacific RR have voted to approve the "agreed system plan" of ending the road's bankruptcy. Only a handful of groups failed to approve the plan by the required two-thirds vote, and the federal court can overrule them if it finds the plan equitable.

Complicated merger is being considered by Union Chemical & Materials Corp. and Easy Washing Machine Corp. The deal hinges on purchase by Murray Corp. of Easy's washing machine and home laundry business. Union would then acquire Easy's remaining assets. The deal must be approved by the directors and stockholders of Union and Easy.

Wheelmaker antitrust suit has been settled by a consent decree after four years, the Justice Dept. announced. Under the agreement, Kelsey-Hayes Wheel Co. of Detroit, Budd Co. of Philadelphia, and Motor Wheel Corp. of Lansing will make their patents available to anyone except vehicle manufacturers on a royalty basis. This covers patents held now or acquired in the next five years.

# How big a foreign market...in 1975?



**415% more aluminum...74% more crude steel...203% more rubber...110% more sulfur**—are careful estimates\* of the increases in materials demand that are likely to occur in the nations of the free world outside of the U. S. during the period from 1950 to 1975.

These estimates are based on projections of population increases in industrialized countries, improvements in technology in certain backward areas and rising living standards in many lands. They indicate the possibilities for the employment of

American capital and expansion of sales of U. S. goods, materials and services beyond our borders.

An indispensable ingredient in the successful development of commercial opportunities outside of the U. S. is the assistance of a bank with world-wide connections and a depth of experience in foreign transactions.

The Bank of New York's Foreign

Department maintains correspondents all over the free world and serves American businessmen engaged in almost every classification of foreign trade.

Founded 171 years ago, this Bank offers a wide range of banking services geared to the competitive needs of corporations in this country and abroad.

\*Estimate taken from *A Report to the President by The President's Materials Policy Commission*

## THE BANK OF NEW YORK

*New York's First Bank • Founded 1784*

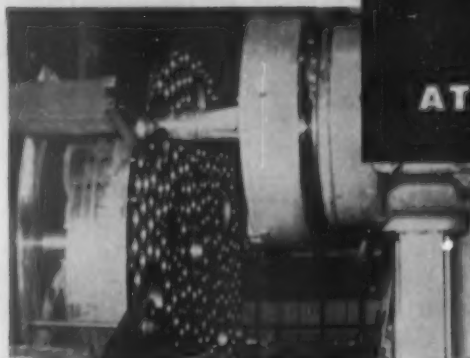
Member Federal Deposit Insurance Corporation

Main Office: 48 WALL ST. ★ Uptown Offices: 513 FIFTH AVE. ★ MADISON AVE. AT 63rd ★ MADISON AVE. AT 73rd  
(Temporary During Construction)



One of Combustion's two plants at Chattanooga, Tenn., showing artist's renditions of new facilities now being built: (A) Nuclear Building; and (B) Wharf for water shipment of large nuclear power components.

## LOOKING TO *our* ATOMIC FUTURE



Part of the nuclear power plant for the submarine, Sea Wolf, in process of manufacture in C-E shops. Precision workmanship is critical.

Cleanliness approach—insuring good hospital practice is essential in the manufacture of nuclear reactor components.



Because Combustion took a long hard look at its atomic future years ago, today it is well along in its program for keeping abreast of nuclear power progress. And we intend to stay abreast of this progress for the very good reason that *power is our business*, whether its heat source is fossil, atomic or even solar energy.

How soon nuclear fuel will become economically competitive with fossil fuels has been only one factor in our planning which, from the start, has reflected the view that atomic power was here to stay . . . that it would be of growing importance in our future . . . and that our chief concern should be "how" rather than "when".

### Where does Combustion stand today?

In the past year, we've nearly doubled the technical staff of our Nuclear Power Division, and we expect to maintain this rate of growth for some time to come.

Presently, we are building the huge reactor vessel for the country's first commercial-size nuclear power station — the AEC-Duquesne Light plant at Shippingport, Pa. Last year we

completed manufacture of nuclear components for the prototype of the submarine, Sea Wolf, and we are now well along with the manufacture of this equipment as well as a set of boilers for the Sea Wolf itself.

We have begun construction of a new building at our Chattanooga plant (see upper picture caption) to house special facilities for nuclear work. Already on the site is a 15,000,000 volt betatron for fast X-raying of thick plate and welds. We are also building a wharf on our Tennessee River frontage which will be equipped to handle reactor vessels weighing several hundred tons, permitting water shipment of vessels too heavy for rail or highway. This program is scheduled for completion early next year.

Our already extensive research and development program has recently been augmented by an agreement with the AEC covering design and evaluation studies of large reactors for power stations, small reactors for special application, design of reactor fuel elements and development of fuel element fabrication processes.

• • •

Thus is Combustion preparing itself to participate significantly in the challenging task of applying nuclear fission to the power needs of the future.

(S-BE)

## COMBUSTION ENGINEERING

Combustion Engineering Building • 200 Madison Avenue, New York 16, N. Y.



BOILER, FUEL BURNING & RELATED EQUIPMENT; PULVERIZERS, AIR SEPARATORS AND FLASH DRYING SYSTEMS; PRESSURE VESSELS; AUTOMATIC WATER HEATERS; SOIL PIPE



# WASHINGTON OUTLOOK

WASHINGTON  
BUREAU  
JULY 9, 1955



There's some inside tax thinking you should know about—to have in mind as you make business and personal plans for next year.

Odds are the Administration will back a 1956 cut, even if it means a deficit in the budget that goes to Congress in January.

There's some politics in it, of course, with the Democrats all set to make taxes a hot issue next year and GOP congressmen anxious for the White House to take the lead. But there are economic considerations, too. Here's the gist of talk you hear from some key Eisenhower advisers:

The drive to erase the deficit will go on. Pres. Eisenhower still considers a budget balance essential to a stable economy.

One way to balance would be to slash spending and hold tax rates at present high levels. But a balance achieved in this way might well prove to be only temporary. Spending cuts and high taxes might bring on an economic slowdown, with the result that revenues would shrink and the deficit would reappear. This approach is not favored for the long pull.

The other way to dry up the red ink would be to cut spending and taxes at the same time and rely on an expanding economy to provide the revenue needed to cover any deficit. And, with the present peace trend in the world, feeling is that both spending and tax cuts will be possible in 1956.

The big argument for this approach is the 1954 cuts in spending and taxes. The policy of cutting federal outlays and taxes is credited with a considerable part in today's good business. And there's a real pickup in revenues as a result of higher employment, payrolls, and profits. With the Presidential election coming up next year, Washington will be especially eager to keep business humming.

A general tax cut is the best bet, if the Administration finally decides to go ahead with reductions next year.

Individuals will come first. Politics will see to it that the relief is greatest in middle and lower brackets—where the voters are.

Corporations will get relief, too. But whether it will take the form of a reduction in the regular 52% rate or of new expansion incentives is uncertain at this time. Much depends on how big a cut can be made.

The amount of the tax cuts will depend on how much spending can be cut. In informal discussions, officials talk of a \$2-billion to \$5-billion slash in spending for the next fiscal year. The big qualification in all the speculation is the trend of world affairs.

The Congress session probably will run into August, despite efforts to adjourn by the end of the month. Appropriation bills are pretty well cleaned up. But there's a long list of other pending legislation; much of it is controversial and will take time to handle. Some measures that will be disposed of, one way or another:

A highway bill will be voted. It won't be what Eisenhower wants. But the prospect is that a financing plan acceptable to the President will be worked out so that expanded construction can start next year.

The public housing bill probably will pass. Then there will be another

# WASHINGTON OUTLOOK (Continued)

WASHINGTON  
BUREAU  
JULY 9, 1955

fight over appropriating funds for construction. It will be the appropriation, rather than the authorization, that determines the final size of this disputed program.

Aid for school construction is doubtful, although efforts still are being made to get a bill out of the House committee. It's the segregation issue that has this Eisenhower proposal bogged down.

The \$1-an-hour minimum wage bill will be O.K.'d, with the question of expanded coverage going over until next year.

The Democrats' social security bill, with liberalized benefits for the disabled and for widows, will pass the House but may be held up in the Senate until next year.

The 90% of parity farm price bill will remain on the Senate shelf. Farmer backing for it has failed to develop.

Eisenhower will get a military reserve program. Prospect is that the final bill will require draftees to spend four years in the reserves, after two years in the service. Youngsters probably will be allowed to volunteer for six months on active duty, then go into the reserves for the next 7½ years. National Guard duty will qualify as reserve duty. This won't be specified in the law. But the Pentagon can approve it by regulation and plans to do so.

The Dixon-Yates power project will be cancelled if the city of Memphis proves up on its plan to build its own power plant. With the Memphis load off TVA, the government's big power system can meet atomic needs. On the political side, the handling has been inept from the start. GOP politicians would like to get out from under the contract. The Democrats are using it outside the valley area to work up voters on the public power issue.

Humphrey's influence in the Administration will be strengthened by the coming shift of Treasury Undersecretary Folsom to the post of Cabinet Secy. for Health, Education and Welfare—replacement for Mrs. Hobby.

Folsom knows taxes and spending. And he sees eye-to-eye with Humphrey. He's a social security pioneer—helped set up the Eastman Kodak plan and advised Congress on the federal program back in the 1930s.

Democratic politics are upset, with Senate leader Johnson out of things. The 46-year-old Texan was being set up for the 1956 veep nomination before the heart attack took him out of the picture.

The plan had been this: Put Johnson on the ticket with Stevenson to try to keep the South in line. The figuring among Johnson's conservative backers was that Eisenhower probably would knock off Stevenson in 1956 and thus set things up for Johnson for President in 1960. Now, all that is up in the air.

Eisenhower may go on TV after the summit talks—make a report to the nation on prospects for ending the cold war. Some advisers think it would be good strategy, especially if developments at Geneva create the impression that real peace is at hand. Actually, the Geneva talks are expected to do no more than lay ground work for future negotiations on key East-West problems.



ABOVE—Transparent containers by J. E. Plastics Mfg. Corp., New York.

LEFT—Pressure-formed packaging by Plastic Artisans Inc., White Plains, N. Y.

## there's nothing quite like acetate for Sparkling showmanship

There's nothing quite like transparent, rigid containers of sparkling Celanese\* Acetate when you want to attract attention and arouse buying interest in your product.

Candy, lingerie, novelties, combination sets, toiletries—they're just a few of the products pushed forward by the showcase packaging of sparkling Celanese acetate. Fabricated acetate containers have a unique crystal clarity, a smooth lustrous surface. In today's help-yourself market, they can give your merchandise a chance to present itself in the glamorous setting that demands attention and excites interest for dime store items as well as luxuries.

You can buy Celanese acetate containers in a wide variety of stock and special sizes and shapes. For names of suppliers, write:

Celanese Corporation of America, Plastics Division, Dept. 129-G, 290 Ferry Street, Newark 5, N. J. Canadian affiliate, Canadian Chemical Co., Limited, Montreal, Toronto and Vancouver.

# Celanese\*

ACETATE TRANSPARENT FILMS

\*Reg. U. S. Pat. Off.



The executive shown at left hurrying to his company's airplane has helped spur one of the biggest booms in the history of the aircraft industry.

Executives today are racking up at least three times as many flying hours in business planes as they did in 1946. Their total time in the air for 1953—the latest figure for which the Civil Aeronautics Administration has figures—was 3.6-million hours. That was 500,000 hours more than the revenue hours flown by the domestic commercial lines. And the spread probably has increased since then.

The actual size of industry's air fleet is difficult to pin down, but it is at least 10 times bigger than the domestic commercial fleet. The CAA says company-owned planes used for business flying total 10,550. Airplanes used by individuals for business purposes tally up to 24,290. Many of these probably are used for pleasure as well as business.

## I. Soaring Prospects

Hardly anyone sees a leveling off in the boom. Aircraft people feel that business flying passed its crisis in Dec., 1953. Before then some feared the luxury of corporate aircraft would be dispensed with when the excess profits tax expired. But now some of them are pre-



Most of the giant companies use this kind. With luxury interiors, these airplanes can carry between 10 to 20 passengers. Their speeds: from 150 m.p.h. to 280 m.p.h.

**CONVAIR 340.** Convair Division, General Dynamics Corp. It is actually designed for airlines operation.  
**Price:** \$760,000.  
**Speed:** 280 mph.

**DC-3.** Douglas Aircraft Co., Inc. No longer in production. It rates high in popularity.  
**Price:** \$180,000 & up.  
**Speed:** 200 mph.

**LEARSTAR.** Lear, Inc. It's a modernized version of Lockheed's original Lodestar, has a safety record similar to the DC-3.  
**Price:** \$350,000.  
**Speed:** 300 mph.

**COMPANY PLANE** he is about to enter will carry this executive of Socony Mobil Oil directly to his destination point.

# Flaps Own Wings to Get Around

dicting that industry's air fleet will increase 10 times by 1956.

• **New Competitors**—These optimistic predictions are borne out by the fact that two companies made their first sales in the business plane field and another set up a special service for business in the last month:

• **Lear, Inc.**, Grand Rapids, Mich., a manufacturer of electronic navigational equipment (BW—Jul. 26 '52, p. 38), is plugging its Learstar, a modern version of Lockheed Aircraft Corp.'s earlier Lodestar (table below). Lear's latest order went to Johnson & Johnson Co.

• **Vickers-Armstrongs, Ltd.**, London, has cracked the business market with its Viscount, a turboprop plane designed for commercial use. Viscounts for top-flying brass are going to Hughes Tool Co., Standard Oil Co. of California, and U. S. Steel Corp.

• **National Airlines, Inc.**, a scheduled carrier with routes along the southeastern seaboard, has started a leasing service called an executive transport plan. The airline leases luxuriously equipped 10-passenger Lodestars to a company at a price that includes crew salaries, operating costs, maintenance.

Another indication of the heavy demand for planes for business use is the backlog of orders some of the plane manufacturers are piling up. Cessna Air-

craft Co., Wichita, Kan., says it is booked solid until February, 1956, with orders for its 310 model. And the buyers are backing up their orders with sizable down payments.

Airplane distributors are especially enjoying the boom. In the past 10 years, theirs has been a Cinderella business. Southern Airways Co., an equipment and service company around Atlanta, expanded its operations after the war with seven new fields. But the anticipated prosperity didn't come soon enough. Southern shortly closed the fields, and wrote off its losses.

Today, Jess Childress, a vice-president and general manager of Southern, says "It looks like we're finally getting established as an industry." For the first four months of this year, Southern's business was more than double that of 1954. A Beechcraft distributor, Southern sees two current problems for most companies like itself: a shortage of qualified airplane salesmen, and the high initial capital you need to set up a distributorship. Beech now has a plan that eases the financing of demonstrator models.

## II. Behind the Boom

One big reason for the boom in business-owned planes is industry's shift to

decentralization. New plants and customers are popping up in out-of-the-way places. And the schedules and routes of the airlines and railroads no longer meet the needs of business traveling. The domestic airlines serve only 10% of the 6,000 airports dotting the U.S. But business planes can put down on any of these fields.

In addition, a company picks up sales prestige with a plush executive airplane. And operating its own planes makes it possible for a company to cover a whole lot of customers in remote areas with greater speed and efficiency.

• **Necessity**—For some companies, flying its own planes has been almost a necessity. Take the case of Ohio Oil Co. Born during the Ohio oil boom years ago, the company located its headquarters at Findlay. As it grew into a \$248-million business, Ohio Oil moved southwest and west. Its major refinery is now at Robinson, Ill. But the company is rooted in the little town of Findlay, which has one train a day and no commercial air service. The nearest center for transportation is Toledo, about 45 miles away.

The company has built up the second largest air fleet in industry. Its fleet of 19 planes is equal to that of General Motors Corp., and comes right after Sinclair Oil Co., the leader with a fleet



SMALL TWIN-ENGINE

Generally, they lack the luxury of the heavies. The seating arrangement is similar to that in an automobile. You can get

### AERO COMMANDER.

Aero Design & Engineering Co. President Eisenhower now uses one for short-haul flying.

Price: \$69,500.

Speed: 206 mph.

**BEECH SUPER-18.** Beech Aircraft Corp. Popular with businessmen, it is small but has big plane features.

Price: \$98,975.

Speed: 234 mph.

**CESSNA 310.** Cessna Aircraft Co.

Price: \$50,000.

Speed: 220 mph.

**PIPER APACHE.** Piper Aircraft Corp.

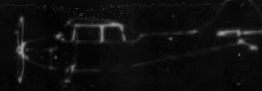
Price: \$35,075.

Speed: 180 mph.

**RILEY TWIN.** Riley Aircraft Sales Corp. This is a two engine version of the Navion made by Ryan Aeronautical Co.

Price: \$29,500.

Speed: 180 mph.



LIGHT SINGLE ENGINE

This class is most attractive to businessmen who are also pilots, or for those not wanting the luxury touch. The average speed is around 175 m.p.h. The selection is big and varied for this class. Some popular models are:

**BONANZA.** Beech Aircraft Corp. A four-place job, it has simplified controls.

Price: \$18,990.

Speed: 185 mph.

**CESSNA 180.** Cessna Aircraft Co. The capacity is four.

Price: \$12,950.

Speed: 165 mph.

**TRI-PACER.** Piper Aircraft Corp. Its controls, Piper says, are engineered to make flying easier for novices.

Price: \$6,825.

Speed: 139 mph.



MISCELLANEOUS TYPES

**AMPHIBIANS.** The Royal Gull, marketed by Royal Aircraft Corp., a subsidiary of Kearney & Trecker Corp.

Price: \$65,000.

Speed: 172 mph.

**JET.** Beech Aircraft has introduced a two-engine jet, the M-5 760, first built in France. It has a maximum range of nearly 1,000 mi. and seats four.

Price: \$300,000.

Speed: Over 400 mph.

**TURBO-PROP.** The Viscount, built by Vickers-Armstrongs Ltd. of England, is the first turbo-prop in commercial service.

Price: \$1-million approx.

Speed: 320 mph.

**WAR SURPLUS.** Redecorated for executive use, many are available on the second hand market.

Prices: \$130,000 and up.

Speeds: 300 mph.

saved  
**\$222.82**  
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**flash-welded ring!**  
**USING AMERICAN  
 WELDING SHAPES**



Here is another American Welding mill-rolled section that is saving a customer money. By forming and flash butt-welding a ring from this shape, a heavy and expensive casting is eliminated. On each ring 232 pounds of metal is saved and machining time is cut in half.

A special mill-rolled shape may be just the answer to your problem. Call or write today—American Welding's Industrial Sales Division will be glad to work with you.

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 WELDING CAN  
 DO FOR YOU



**AMERICAN  
 WELDING**

of 21 aircraft. Ohio Oil also operates the biggest private airport, with daily shuttle service between the home office and the Robinson refinery.

### III. How to Pick a Plane

The top executives of the big companies usually travel in the luxurious interiors of large, multi-engine airplanes piloted by professional crews. But many of the businessmen and salesmen who have taken to the air are piloting their own planes—in fact, they make up the largest group in business flying. They fly smaller single and twin-engine models (tabulation pages 40 and 41). Like most of other schools, Norris Flying Service, Chattanooga, Tenn., says that businessmen are the predominant group among students who get their first pilot licenses.

For the prospective business purchaser, the airplane makers have models that will suit nearly any company budget. But there's no actual correlation between the size of budgets and the airplanes they'll support. Some small companies can economically operate the heavier two-engine planes.

• **Pricing**—Pricing is similar to that for automobiles. The figure that's marked on the price tag gives you a basic airplane that's practical and useful. But it hasn't any fancy extras such as plush interiors, air conditioning, deicing equipment, or a heavier electrical system. That is all optional gear installed at the maker's plant, or by a service company.

On the second-hand market, you don't always have to bother about the extras. A recent model or a war-weary plane frequently comes complete, down to the last detail.

One way to shop the market and pick the right airplane is to let one of the expert converters or brokers do it for you: AiResearch Aviation Service Division of Garrett Corp., Remmert-Werner Corp., Southwest Airmotive Co., or Wm. C. Wold Associates.

• **Packaged Service**—Garrett's AiResearch, for example, offers a packaged service: everything from studying a company's needs, to finally delivering a business plane to the door. AiResearch first looks at a company's sales. It has rules of thumb like the size of a company's sales. If they run around \$10-million, AiResearch recommends a small airplane to start with. To find the best model, AiResearch further studies a client's flying activities such things as passenger loads, average length of flights, the areas that are to be serviced.

### IV. Figuring the Costs

So far, cheapness of operation hasn't been one of the come on's of business

flying. Generally speaking, combined costs are more than scheduled air transportation. But side-by-side comparisons of the two costs are impossible to make. Companies that are sold on business flying say you can't measure in dollars the advantages: speed, efficiency, and prestige.

To get the most out of a company plane, the National Business Aircraft Association says its members keep their craft in the air from 400 hr. to 600 hr., each year. Many go far beyond that mark.

• **Operating Expenses**—At that rate, a twin-engine heavy costs around \$200 per hr., or \$1.00 per mi. The smaller two-engine models cost roughly half that much. And single-engine flivvers run about \$39 per hr. or 30¢ per mi. One-third of the cost goes for fuel, another third for maintenance and upkeep, and the remainder for crew salaries.

One company, Sears, Roebuck & Co., uses a method unique in business flying to keep a check on its flying costs and see that they stay within reasonable limits. It bills its departments for regular airline fares.

Sears's has spread out its air operations. The company has airplanes and crews based in Chicago, Atlanta, and Los Angeles, to serve its offices, stores, and plants in the areas around those three cities.

### V. Safety Factor

In the matter of safety, business flying can compare favorably with that of commercial flying. Since the boom in business flying, smaller airports bear little resemblance to the revamped cow pastures of the old days. And operators of medium and small-sized fields lately have improved their services. At the busier metropolitan fields, the traffic control personnel give the business plane the same consideration as a big airlines transport. Teterboro Airport, serving New York City from nearby New Jersey, caters especially to business aircraft.

As insurance against accidents, many business pilots are boning up on their instrument flying. They aren't required to have the proficiency of an old-time airline captain. But sooner or later, the business pilot who relies on strictly visual flying gets caught in instrument weather. He loses his visual references on the ground.

• **Auto Pilot**—The answer to this problem, besides experience in instrument flying, is to have an automatic pilot. For those who have neither, Lear has a simple form of auto pilot, called Arcon, that sells for \$785. There's a chance that Arcon may become standard equipment with the manufacturers of business-type planes.



IDEAS THAT SELL BY PACKAGE MACHINERY



## **PACKAGING PLUS**

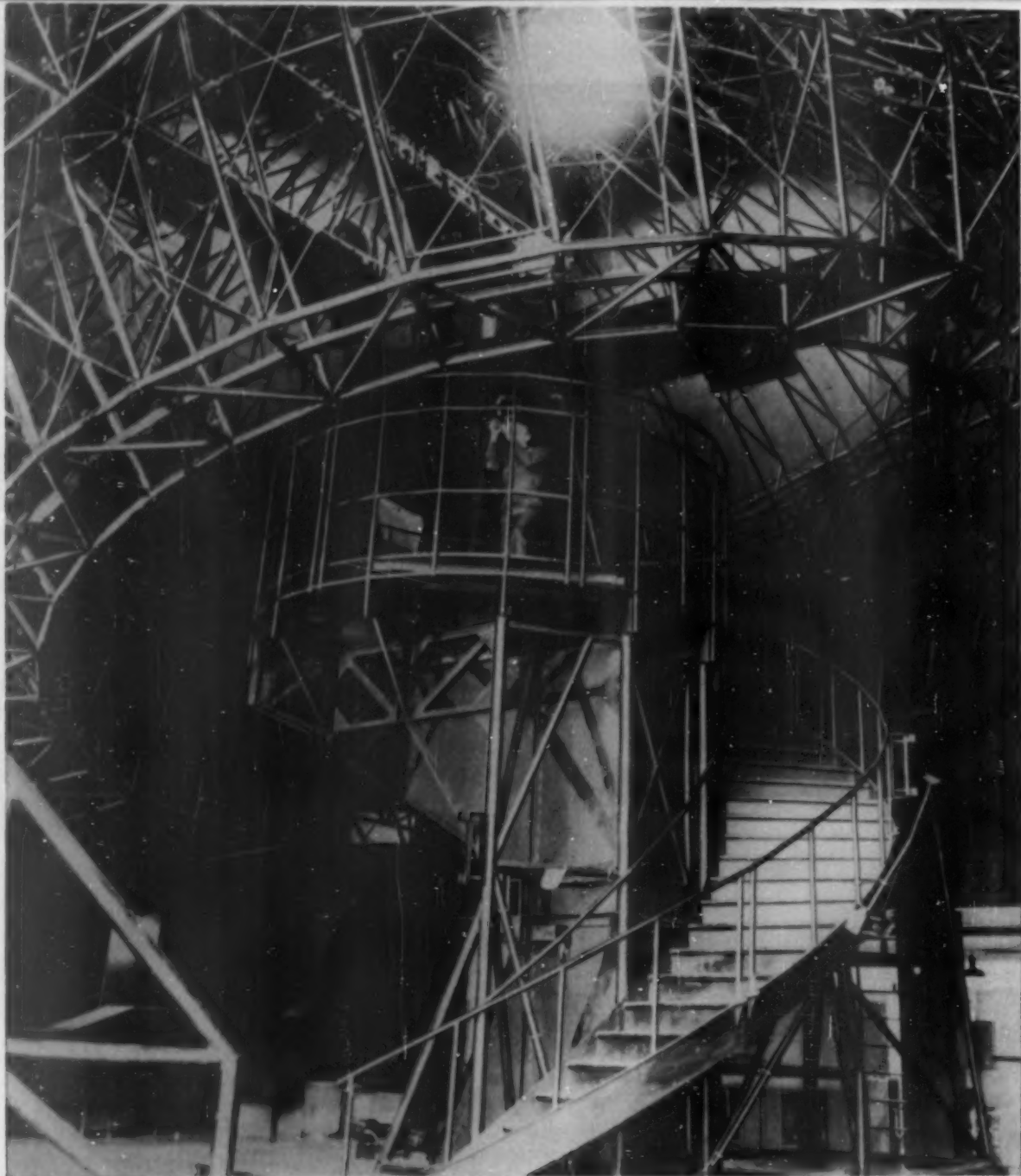
Few management problems can cut across as many areas as your packaging. Merchandising, production, cost control, product protection, shipping—all are involved. They make a packaging decision far-reaching; an important one in your profit picture. They also warrant consideration of more than just machinery to do the actual wrapping.

Packaging plusses are our stock-in-trade—witness the strong, easily-opened, low-cost Pond's package shown. Of course we sell machines—the broadest line available. But we know and understand the areas your decision can affect. When you want a smarter package for greater merchandisability, increased production from automatic equipment or lower unit packaging costs, call the nearest Package representative. He'll know the machine best-suited to your needs . . . and can help you get that 'plus' value with it.

**PACKAGING IS PART OF YOUR PROFIT PICTURE**

EAST LONGMEADOW, MASSACHUSETTS  
NEW YORK • PHILADELPHIA • BOSTON • CLEVELAND • CHICAGO • MINNEAPOLIS • ATLANTA  
DALLAS • DENVER • LOS ANGELES • SAN FRANCISCO • SEATTLE • TORONTO

**PACKAGE**  
MACHINERY COMPANY



**CELESTIAL NAVIGATION**—Link Aviation's high-speed, high altitude celestial navigation trainer; only such trainer capable of simulating trans-Polar flight. Trains navigators in techniques of guiding planes by the stars.

## Vital Controls

The controls on the world's fastest submarine; the most advanced airborne navigation system known to exist; other similarly advanced military systems and equally advanced industrial equipment and control systems are outstanding examples of the work of the producing companies of General Precision Equipment Corporation. More than a dozen major industries are served by instrumentation and systems designed, developed and produced by GPE Companies.

Ten of the companies in the GPE Group—notably Askania, Kearfott, Librascope and Link Aviation—devote substantial resources to the development and manufacture of instruments, servos and controls. These are used in equipment and systems developed by these companies



**MISSILE GUIDANCE**—One of the many guided missiles equipped with Kearfott basic gyro reference systems, the B-61 Matador—U. S. Air Force's first successful ground-to-ground tactical weapon.

# ONE

## CAPACITIES

	● Manufacturing	■ Manufacturing and product development	●●● Manufacturing, product development and research	■●■ Full manufacturing, product development and research	
NEARSHOOT COMPANY, INC.	●●●				PRECISION MECHANICS, OPTICAL DEVICES, CERAMICS
INTERSTATE FORM PROJECTION CORPORATION	●●●	●●	●●●	●●●	ELECTRICAL EQUIPMENT AND COMPONENTS
BUSCHGRENZ MARKING SYSTEMS	●●●	●●	●●●	●●●	ELECTRONICS
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THE GAYLOR COMPANY	●●●	●●	●●●	●●●	TELEVISION
LONG AVIATION, INC.	●●●	●●	●●●	●●●	Studio, Theatre, Educational, Business, Industrial
THE HERTHER ELECTRIC COMPANY	●●●	●●	●●●	●●●	INSTRUMENTS, SERVOES, CONTROLS
THE STRONG ELECTRIC COMPANY	●●●	●●	●●●	●●●	Hydraulic, Pneumatic, Magnetic, Electronic
A. E. MCKELEY MFG. CO.	●●●	●●	●●●	●●●	AIRCRAFT AND MISSILE GUIDANCE, CONTROL, SIMULATION
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ARMSTRONG CORPORATION	●●●	●●	●●●	●●●	RADAR, MICROWAVE, ULTRASONICS
LIBERSCOPE ENGINEERING	●●●	●●	●●●	●●●	MOTION PICTURE and AUDIO EQUIPMENT
	●●●	●●	●●●	●●●	NUCLEAR POWER COMPONENTS and CONTROLS
	●●●	●●	●●●	●●●	SYSTEMS ENGINEERING
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All GPE Producing Companies work in the advanced areas of highly specialized fields and are engaged in the design, development, manufacture and sale of equipment which is closely related from a technical point of view. It is all precision equipment; it derives from similar fields of technical competence; it saves labor, increases productivity or achieves results which cannot be achieved with even limited use of on-the-spot manpower. The chart here shows the specialized fields in which the key GPE Producing Companies work.

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## PRODUCTION BRIEFS

Military jet research will be restricted to engines of certain ratings. A recent order from the Secretary of Defense says that each new engine category must have a power rating that's 50% larger than the one before it. Two engines now being developed for mass production, the Pratt & Whitney J-75 and the GE J-79, are said to have thrust ratings of 16,000 lb. Presumably, the next power category will have to be 24,000 lb.

An all-transistor phonograph will be on the market sometime this fall. Philco Corp. announced that its unit will have the smallest turntable motor of any on the market, will be powered by four ordinary flashlight batteries.

Uncle Sam's tanker fleet is losing ground to John Bull's, may soon rank second. A study released by Sun Oil Co. shows that at the end of 1954 we trailed Great Britain (95 to 8) in orders for new tankers. Sun Oil researchers say the trend will continue and we may lose position for some time.

Are new cars safer? Cornell University Medical College says they're not. Actually, says Cornell, riders in 1950-54 models may be relatively more exposed to injury than those in 1940-49 cars. Parts of the automobile that seem most likely to cause injury: the dashboard, the windshield, the steering wheel, door handles, and window cranks.

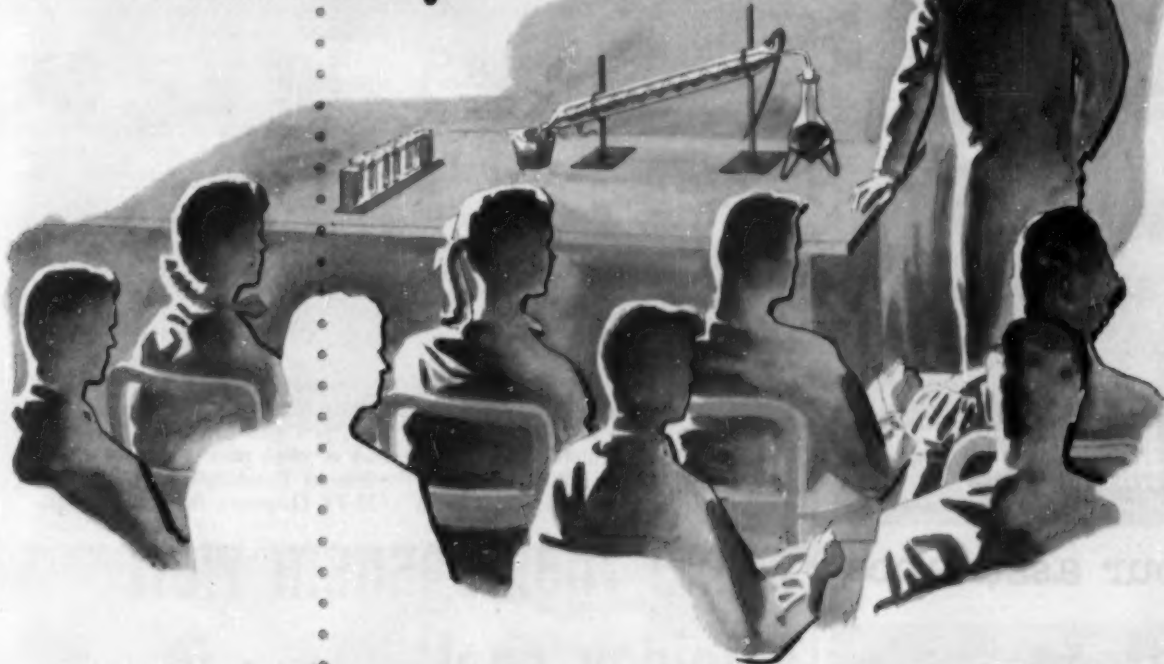
A new test lab for ramjets—the engines that operate best at twice to five times the speed of sound—has been opened by Curtiss-Wright Corp. The lab, said to be the largest privately operated supersonic engine test facility in the country, contains equipment for cooling engines under test, for evacuating high-temperature exhaust gases, and for simulating air conditions at supersonic speeds.

Synthetic ammonia from coke oven gas: That's the use of a process licensed for U.S. use for the first time by Koppers Co., Inc. The L'Azote process, a Belgian development, can also be used to derive ammonia from refinery gases or other hydrogen sources.

Plastic plumbing is getting a tryout for home and school use on the campus of the University of Michigan. The College of Architecture and Design is testing rigid plastic pipe of B. F. Goodrich's Koroseal. Goodrich says that the pipe, with threaded fittings, weighs about a quarter as much as steel pipe.

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From Michigan's educational centers come the kind of young men and women that industry needs today and will need even more acutely in the future.

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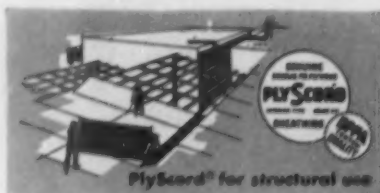
***Get the Facts, Mr. Industrialist, and you'll agree . . .***

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## NEW PRODUCTS

### Glass Walls Take on New Color

In the last few years, Americans have been watching color wangle its way into such things as men's shoes, women's washing machines. Now color is adding skyscrapers to its list of conquests.

Last week Pittsburgh Plate Glass Co. announced it is making available a whole line of shiny new colored glass for panel wall construction of skyscrapers. Called Spandrelite, the glass panels have a ceramic finish that's baked on.

The company is ready to give its customers any color they want—something they say no glass company has ever done before.

• **Color Complaints**—Architects have been keeping a close watch on both the growing use of color and thin panel walls in construction. Pittsburgh Plate reports a steady trickle of complaints from architects because there weren't enough different colors available in glass. The reason for this, says the company, is that most colored glass is made

by mixing the colors right in with the glass. Only a few colors can take this treatment—others just won't stand it. Pittsburgh Plate previously offered only ten kinds of colored glass.

The company's new development will give architects a choice of eight standard colors—from charcoal to Robin Hood green—plus any they can dream up themselves. They also can have patterns—even pictures—if they like, says the company.

The eight standard colors are said to match the colors of most metals that will be used with the glass. If they don't suit a customer, he can submit a sample of the color he wants to the Pittsburgh Plate color labs. There, says the company, his choice of color will be matched.

Pittsburgh Plate estimates the cost of its new glass panels at roughly twice that of plain plate glass.

• **Source:** Pittsburgh Plate Glass Co., 632 Ft. Duquesne Blvd., Pittsburgh.



### Land-Clearing Monster Mauls Trees

This LeTourneau machine has a lot of two things—power and size. Called a Tree Crasher, it was built to uproot trees, pushing them over with its blade. It weighs 60 tons, measures 39 ft. long, 11 ft. wide, and travels on six huge low pressure tires that the maker calls the largest in the world—four ft. wide and 10 ft. tall. Each tire is driven by an individual electric motor mounted in-

side the rim. The motors are driven by generators which are run, in turn, by two diesel engines mounted on the body. The tires are so big, distribute the vehicle's weight so evenly, that they can run over a pocket watch without harming it, the company says.

• **Source:** R. G. LeTourneau, Inc., 2399 South MacArthur, Longview, Texas.





**Maintenance.** With power take-off, the Universal 'Jeep' operates a welder to repair equipment in or around the plant. Mobility helps reduce down-time. 'Jeeps' also supply mobile power for compressors, generators and many other types of equipment.

## How management enlists 'Jeep' vehicles to cut costs!



**Transportation.** The 4-wheel drive 'Jeep' Truck hauls men, tools or equipment through mud, sand, soft earth—gets right to the job, regardless of road or weather conditions.



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'Jeep' 4-wheel drive vehicles cut costs on job after job. They supply dependable, economical transportation for cargo and personnel, on or off the road. They provide a source of mobile power. And their versatility is almost limitless.

'Jeep' vehicles shift easily from conventional 2-wheel drive for normal highway travel into 4-wheel drive when extra traction is needed, on or off the road. Compact, maneuverable, and designed for rugged utility service, they offer additional savings through their economy of operation, low maintenance costs and long life.

Illustrated are just a few of the many ways industry uses 'Jeep' vehicles to cut costs. For special assistance in applying 'Jeep' vehicle versatility to your specific work applications, see your Willys dealer, or write for information.

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## "Toys" for Engineers

You can build scale models of bridges, ski jumps, storage racks, and lots of other things, using the same sort of simple components that went into the structure shown above. The L-shaped steel bars used here are scaled down to one-third the size of Structo steel framework angles, which actually have been used to build structures like the ones named (BW—Nov. 6 '54, p126). Structo Systems, Inc., which makes the big angles, has decided to market this new version to help engineers and executives plan their Structo projects.

Full-size Structo members are L-shaped steel bars with holes running along both sides of the L. Any number can be bolted together—head to tail, or at right angles—to give almost any kind of structure.

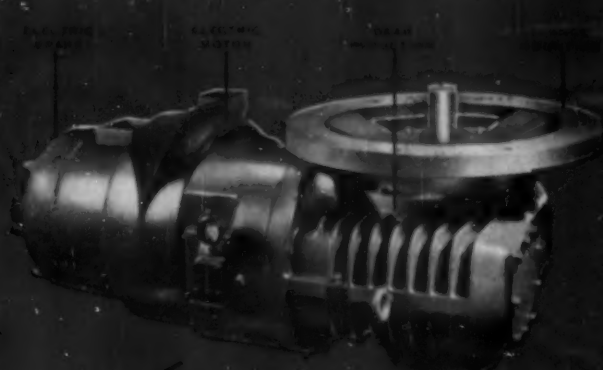
• Source: Structo Systems, Inc., Elyria, Ohio.

## NEW PRODUCTS BRIEFS

Skyhook for derrickmen is being marketed by Dykes, Inc., 1121 Rothwell, Houston. A cable through a pulley has a safety belt on one end, a counterweight on the other.

A new lid for glass containers may aid housewife and food packer. Vapak is said by Owens-Illinois Glass Co., Toledo, to come off easily, press back on by hand, and give an air-tight reseal.

Inhuman music: The first phonograph record of sounds produced by RCA's electronic music synthesizer will go on sale sometime in July. The \$3.98 disk will include synthetic orchestrations of real pieces of music ranging from Bach to Stephen Foster.



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## FINANCE

## Over-the-Counter Market

Monday, June 2, 1964

The following bid and asked quotations are obtained from the National Association of Securities Dealers, Inc., and other sources in New York, but are unquoted. They do not represent actual transactions. They are intended as a guide to the approximate range within which these securities could have been sold (indicated by the "bid") or bought (indicated by the "asked") at the time of compilation. Origin of any quotation furnished on request.

### Industrial, Rail and Utility Stocks and Bonds

[illegible]

Page 4

Jan 1946	Jan 1947	Jan 1948	Jan 1949	Jan 1950	Jan 1951	Jan 1952	Jan 1953	Jan 1954	Jan 1955	Jan 1956	Jan 1957	Jan 1958	Jan 1959	Jan 1960	Jan 1961	Jan 1962	Jan 1963	Jan 1964	Jan 1965	Jan 1966	Jan 1967	Jan 1968	Jan 1969	Jan 1970	Jan 1971	Jan 1972	Jan 1973	Jan 1974	Jan 1975	Jan 1976	Jan 1977	Jan 1978	Jan 1979	Jan 1980	Jan 1981	Jan 1982	Jan 1983	Jan 1984	Jan 1985	Jan 1986	Jan 1987	Jan 1988	Jan 1989	Jan 1990	Jan 1991	Jan 1992	Jan 1993	Jan 1994	Jan 1995	Jan 1996	Jan 1997	Jan 1998	Jan 1999	Jan 2000	Jan 2001	Jan 2002	Jan 2003	Jan 2004	Jan 2005	Jan 2006	Jan 2007	Jan 2008	Jan 2009	Jan 2010	Jan 2011	Jan 2012	Jan 2013	Jan 2014	Jan 2015	Jan 2016	Jan 2017	Jan 2018	Jan 2019	Jan 2020	Jan 2021	Jan 2022	Jan 2023	Jan 2024	Jan 2025	Jan 2026	Jan 2027	Jan 2028	Jan 2029	Jan 2030	Jan 2031	Jan 2032	Jan 2033	Jan 2034	Jan 2035	Jan 2036	Jan 2037	Jan 2038	Jan 2039	Jan 2040	Jan 2041	Jan 2042	Jan 2043	Jan 2044	Jan 2045	Jan 2046	Jan 2047	Jan 2048	Jan 2049	Jan 2050	Jan 2051	Jan 2052	Jan 2053	Jan 2054	Jan 2055	Jan 2056	Jan 2057	Jan 2058	Jan 2059	Jan 2060	Jan 2061	Jan 2062	Jan 2063	Jan 2064	Jan 2065	Jan 2066	Jan 2067	Jan 2068	Jan 2069	Jan 2070	Jan 2071	Jan 2072	Jan 2073	Jan 2074	Jan 2075	Jan 2076	Jan 2077	Jan 2078	Jan 2079	Jan 2080	Jan 2081	Jan 2082	Jan 2083	Jan 2084	Jan 2085	Jan 2086	Jan 2087	Jan 2088	Jan 2089	Jan 2090	Jan 2091	Jan 2092	Jan 2093	Jan 2094	Jan 2095	Jan 2096	Jan 2097	Jan 2098	Jan 2099	Jan 2100
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SEN. J. W. FULBRIGHT . . .

## Moving in on Unlisted Shares

Last week, the Senate Banking Committee started hearings on what looks like the most important legislation affecting the securities market since 1940. This is Sen. J. W. Fulbright's bill to extend federal regulations to securities not listed on a major stock exchange—that is, issues traded on the unlisted or over-the-counter market.

Fulbright's bill, which grew out of the Senate stock market investigation in March, would bring all unlisted securities under Securities & Exchange Commission regulation, except those of companies with less than \$5 million in assets, or with fewer than 500 securities holders.

As a result, some 1,500 companies would have to file with SEC regular financial statements, annual reports, proxy information, and reports on insider trading (BW—May 28 '55, p. 52). And the bill would make securities of these companies subject to the margin requirements set by the Federal Reserve. The Fed's cash margin requirement is 70% for listed stocks, while on unlisted securities a bank will sometimes lend 50% or more.

- **Changes**—The bill, as it now stands, could work some fundamental changes in the character of the over-the-counter

market. For one thing, it might drive a number of its active top-grade corporate issues, such as Weyerhaeuser Timber, Kellogg Co., Dun & Bradstreet, and G. D. Searle to have their stock listed on an organized exchange. Once the standards are the same for bigger companies traded over-the-counter as for those listed on exchanges, the advantages of exchange listing would be an incentive to seek a place either on the Big Board, the American Stock Exchange, or one of the regional exchanges.

If this happened, many of the better than 3,000 over-the-counter broker-dealers would lose a fair-sized chunk of business, especially those firms that deal strictly in over-the-counter securities. And removing most of the blue chips would not only take away the high-volume issues but would also leave the over-the-counter market studded with speculative issues, and probably cut down the over-all investor interest in it.

Fulbright's bill isn't the first aimed at setting SEC to riding herd on the issues that are most important to the over-the-counter market. Back in 1949, Sen. J. Allen Frear, Jr., the chairman of the securities subcommittee of the

Senate Banking Committee, proposed a bill that would have required SEC registration by all companies with assets of \$3-million or more, and with 300 or more securities holders. The bill died in committee.

• **Backers**—Fulbright's bill got strong support on the first day of its hearings as SEC Chmn. J. Sinclair Armstrong endorsed its "broad principles and objectives" and FRB Chmn. William McC. Martin said he was in "complete agreement" with its purposes. Armstrong, however, had some reservations. He voiced "serious questions" about some of the provisions, such as whether the \$5-million asset limit and the number of stockholders weren't too high. And he suggested that the bill should apply only to equity issues, rather than to all securities. Armstrong said that SEC was studying the bill and that it would soon make recommendations.

• **And Critics**—Not everybody thinks that securities traded in the over-the-counter market should be under SEC regulation. The first opposition to the Fulbright bill came from the Commerce & Industry Assn. of New York, which claimed that small companies would find the additional accounting

costs prohibitive. The association added that "publication of salaries . . . would be most damaging in smaller communities and to smaller companies."

Henry G. Riter III, president of the National Assn. of Manufacturers, said the bill was "entirely unnecessary" and would overburden smaller companies with bookkeeping expenses.

• **Still the Same**—While Sen. Fulbright's bill may have the effect of skimming a number of top-grade companies out of the over-the-counter market, that market itself probably won't change too much as a result, at least not right away. It will continue to be a vast network of telephone and teletype wires extending into practically every community in the U.S. and handling an enormous volume of security deals every day.

Practically all the data available on the over-the-counter market has resulted from five studies made by the University of Pennsylvania's Wharton School of Finance & Commerce, operating under a \$100,000 grant from the Merrill Foundation for Advancement of Financial Knowledge. The most recent of the studies—Pricing and Price Differentials on Over-the-Counter Markets—came out this spring.

The Wharton studies estimate that there are better than 3,000 firms dealing in the over-the-counter market, with 40,000 employees and representatives handling around 25,000 transactions a day in upwards of 3,000 issues. All told, there are between 20,000 and 30,000 issues on the over-the-counter market, not counting an equal number of government and municipal issues. But only about 3,000 are traded actively on a daily basis. About 70% of these are common stocks.

• **Gigantic**—Any way you look at it, the over-the-counter market is a colossus compared to the major U.S. stock exchanges. Nearly twice as many issues are traded fairly actively over-the-counter, as there are on all the exchanges, and there is frequent or occasional trading in more than 10 times as many. Dollar volume dwarfs that of the exchanges, with its main strength in federal, state, and local issues, all of which are traded over-the-counter.

Besides the governments, and the corporate bond and equity issues, the unlisted market handles practically all bank and insurance company stocks, and investment trust shares. In quality, the unlisted issues run from bluest chip governments to the most speculative penny uranium shares. Nor is the trading confined to strictly unlisted issues. The Wharton School study revealed that a quarter of all over-the-counter stock trading is in issues that are listed on some exchange, while for bonds the figure is 40%. Customers and even brokerage houses often prefer to deal

## From "ASBESTOS STUFFING" for the woodburners

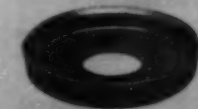


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Early last summer, it became obvious that, on favorable results from the field tests, full-scale polio vaccine production would be required. A new production lab, requiring year around air conditioning, was to be constructed immediately.

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through the over-the-counter market, frequently because the block of securities is too large for even a secondary offering on an exchange.

• **Pricing**—The biggest difference between trading on an exchange and over-the-counter comes in the pricing mechanism. The prices on an exchange are like those in an auction market, with brokers acting for customers in most cases. Over-the-counter prices are negotiated, with a give-and-take between buyer and seller in which the over-the-counter firm is often acting as dealer in the security, either creating or maintaining a market for it. Thus over-the-counter prices are printed as "bids" and "offers" guiding future trading, rather than simply a price at which a trade took place in the past.

The other most basic divergence of over-the-counter trading is the lack of financial information on many of the issues. This is the heart of the condition at which the Fulbright bill is aimed, and it is the factor that makes trading riskier in unlisted securities than in listed stocks. A few unlisted companies voluntarily comply in full with the SEC rules for listed securities, but most of them do not.

• **Procedure**—When an investor decides to buy an unlisted stock, he gets in touch with an over-the-counter firm. This may be a large fully diversified investment house like Merrill Lynch, Pierce, Fenner & Beane, or a one-man operation. It may even be a bank—some banks handle over-the-counter purchases on a fee basis. The investor may have first consulted his newspaper for a "bid" and "offer" on the stock—but the price he eventually pays is unlikely to be either of the quoted figures. The newspaper prices are simply approximations of the figures at which you can actually buy or sell unlisted securities, though they generally come pretty close.

The firms that deal in unlisted securities have a list of "inside prices"—in effect, wholesale prices—that is issued by the National Assn. of Securities Dealers. NASD is the body set up by the industry as an agency for self-regulation. Generally, the price that the dealer quotes to a customer at retail is the inside price plus the dealer's gross profit—at most 5% on shares that sell over \$10.

Once the customer has found a price, he tells his dealer to go ahead. Usually, the dealer acts as a principal in the deal, but sometimes as a broker on a commission. Either way, he probably haggles a bit with the seller, which is why the published prices are shaved.

• **The Markets**—Most over-the-counter houses maintain markets in at least a few issues. That is, they hold an inventory of these issues and stand prepared to buy or sell. They make their



**SECRETARY  
AND BOSS  
AGREE!**



**ONLY IBM MAKES A COMPLETE LINE  
OF ELECTRIC TYPEWRITERS.**

This IBM EXECUTIVE® Electric and the STANDARD Electric shown above are just 2 of the 32 IBM models. They are available in many varied type faces and 7 handsome colors. Be sure to see this exclusive IBM EXECUTIVE Electric—it makes all your letters look as if they were printed. For more information, call your nearest IBM office or write IBM, 590 Madison Avenue, New York 22, New York. You're sure to go electric, make sure you go IBM!

*She looks at it this way:*

"I had to see it to believe it! My new IBM Electric has made such a change in my job . . . and in me! Now I know what the IBM man meant when he said the IBM requires 95.4% less energy to operate than my old manual typewriter. My work goes so much faster—and it's so much easier for me. There's no 'late-afternoon letdown' any more—that's why I love IBM 'power-typing'!"

*He looks at it this way:*

"Let's examine the facts. My secretary has increased her work output over 15%—with less time and effort on her part. So we've been able to handle over 15% more new business without the usual added stenographic expense. Speaking of new business, those distinctive IBM letters really do impress prospects and boost our company prestige. Based on performance, we're going 100% IBM!"

**IBM**

**ELECTRIC  
TYPEWRITERS**

**...OUTSELL ALL OTHER ELECTRICS COMBINED!**

Corp., International Business Machines Corp.

# What is color TV going to do to newspaper advertising?

**Color TV has produced the usual gloomy predictions for newspaper advertising**

In the past, each new competitive advertising medium has seen newspapers reverse the field and grow. What are its chances in the face of color TV?

These are the facts: newspapers, far from fading, are getting ready to boom into an entirely new phase of advertising and journalism. Already color ads in newspapers have shown a 15% gain over 1953. More than 600 dailies offer color in some form and 220 print in full color. Papers experimenting with four-color news pictures report fantastic increases in readership.

For one thing, it will take color to sell color TV sets and create an audience for color programs. And color impact in TV commercials is almost certain to lead advertisers to use color impact in newspaper ads too. No question about it . . . color TV will provide the impetus to boom newspaper advertising.

Why is Sun Chemical concerned with this? As the world's largest manufacturer of newspaper inks, Geo. H. Morrill Company (a division of Sun Chemical Corporation) has played a major role in developing inks to solve the problems that have arisen. Under the heading "What's new under the Sun?" in this advertisement you'll read about other startling developments that have recently been announced by Sun Chemical's twenty-six active divisions and subsidiaries.



**SUN CHEMICAL CORPORATION**

Long Island City 1, New York

Everything under

the Sun is BETTER under a Sun Coating!

## What's new under the Sun?

★ ★ ★

**Concrete repairs while-U-wait** Cracks and holes in concrete floors can be patched and ready for traffic again in less than 45 minutes with a new compound made by A. C. Horn Co., Inc.

**Herald Tribune wins award** The Ayer Award—made to the newspaper judged to have the finest make-up, typography and printing—went this year to the New York Herald Tribune, a user of news inks manufactured by Geo. H. Morrill Co., a Sun division.

**Revolution in waxed paper?** A new wax produced by Sun's subsidiary Warwick Wax Company is being tested by paper makers in the belief that it may lead to startling developments in the packaging industry.

**So clean it squeaks**—A new one-solution press wash, developed by Sun Supply, cuts printing press down-time by two-thirds. Users, reporting on tests, claimed that this reduction often meant the difference between profit and loss.

**"Embarrassing" a gas valve** Electro-Technical Products, a Sun division, has developed a coating for gas line valve protectors that changes color if a leak occurs.

**Ink with four-wheel brakes** General Printing Ink Company, a Sun division, has introduced a new ink for printing Kraft paper bags. It keeps the bags from sliding off each other and breaking open.

**Three trips to the moon** A statistics-conscious employee of Sun's Warwick Chemical Division has come up with the startling fact that the millions of yards of cloth treated with Warwick chemicals would reach from here to the moon three times.

**87% of leading lithographers do it!** A recent survey shows that photo composing machines made by Rutherford machinery, a Sun division, are standard equipment with most leading lithographers.

★ ★ ★

### DIVISIONS OF SUN CHEMICAL CORPORATION

HORN • HUDSON • WILLEY (paints, maintenance and construction materials, industrial coatings) • WARWICK (textile and industrial chemicals) • WARWICK WAX (refiners of specialty waxes) • RUTHERFORD (lithographic equipment) • SUN SUPPLY (lithographic supplies) • GENERAL PRINTING INK (Sigmund Ullman • Fuchs & Lang • Eagle • American • Kelly • Chemical Color & Supply Inks) • MORRILL (news inks) • ELECTRO-TECHNICAL PRODUCTS (coatings and plastics) • PIGMENTS DIVISION (pigments for paints, plastics, printing inks of all kinds)

profit on the spread between their bids and offers.

The size of the firm, in terms of net worth, determines how much of a position it can take in unlisted issues. A Wharton study in 1949 showed that over 90% of the over-the-counter firms are in the smallest category, with net worth less than \$500,000. Less than 1% had over \$3-million net worth.

• **Trade Group**—To be in the over-the-counter business, dealers have to join the National Assn. of Securities Dealers, which currently provides the industry with what regulation there is. The Fulbright bill wouldn't put NASD out of business by any means. With over 3,000 member firms, NASD will continue as an effective agent of what former Sen. Maloney, whose 1938 bill gave NASD status under SEC rules, called "cooperative regulation." At last week's hearings NASD voiced its opposition to the bill, as being "broad and unnecessary . . . regulation."

NASD not only publishes prices for the industry, but sets rules—and enforces them—for trading by members.

• **Effects**—Whether or not Sen. Fulbright's bill will have the effect of denuding the over-the-counter market of its top-grade equities wasn't quite clear as the hearings went into their second week. While market observers quickly agreed that this was theoretically possible, a strong voice was heard last week on the other side.

This was G. Keith Funston, president of the New York Stock Exchange, who pointed out before the committee that of the 1,500 or so companies that would be effected by Fulbright's bill, only 120 would qualify for Big Board listing. That is, only 120 companies have \$7-million or more assets—excepting banks and insurance companies, of course, which are loath to have their stocks listed where policy-holders and depositors can see their daily gyrations. And, Funston went on, "Many of these 120 companies would be unable or may not wish to comply with our additional, more stringent, listing requirements." He did grant, however, that many of the companies might seek listing on other exchanges.

## Fed Warns on Mortgage Credit

The New York bank frowns on mortgage warehousing credits, which have been mushrooming. It regards this type of credit as peculiarly inflationary.

The Federal Reserve Bank of New York, in those amiable but lethal tones that central bankers affect, has warned leading member banks in its district to go easy on credit extension.

Its warning was specifically aimed at mortgage warehousing credits, which have been mushrooming at a spectacular rate in recent months. The New York Fed made clear that a member bank is not within its rights in discounting—borrowing from the Federal Reserve—to make or maintain large mortgage warehousing loans, especially when such loans involve a medium-term or longer commitment.

So far, the Fed is limiting its warning to a few of the larger banks that have made heavy commitments in this field. It has served notice that if these institutions should feel the need to go to the Fed for future assistance, they "might not find the discount window open."

• **Type of Loan**—Mortgage warehousing loans are arrangements in which insurance companies, savings banks, or other lending institutions arrange with a commercial bank to carry a substantial amount of mortgages under an agreement by the borrower to take up these mortgages over a specific period of time—anywhere from six months to three years.

Such arrangements offer a great convenience to the thrift institutions, which can usually count on a fairly steady flow of funds coming in for investment but are not in a position to make large commitments in block.

By the use of mortgage warehousing credits, a savings bank, for example, that knows it will have \$10-million to invest in mortgages over the course of the next year can go out and:

- Arrange for the acquisition of that amount of mortgages;
- Warehouse them at a commercial bank; and
- Pick them up month by month or week by week, as its funds become available.

• **Not New But . . .**—The device is not new, but it has recently been used on an unprecedentedly large scale.

It began with a \$350-million loan agreement arranged with a nationwide group of 1,160 banks by the Prudential Insurance Co. last year (BW—Jan. 1, '55, p61). It leaped to the attention of the banking authorities when the Institutional Securities Corp., an institution wholly owned by the savings banks of New York, negotiated a big mortgage warehousing credit line that could run to \$250-million.

Since then, savings banks, insurance companies, savings and loan associa-



*These Debentures have not been and are not being offered to the public.  
This announcement appears as a matter of record only.*

**\$38,500,000**

## The Western Union Telegraph Company

**Twenty-five Year  $4\frac{1}{8}\%$  Debentures, Series 1  
due June 1, 1980**

*Direct placement of the above Debentures has been negotiated  
by the undersigned.*

### SALOMON BROS. & HUTZLER

SIXTY WALL STREET, NEW YORK 5, N. Y.

Boston Philadelphia Cleveland Chicago  
San Francisco Dallas West Palm Beach

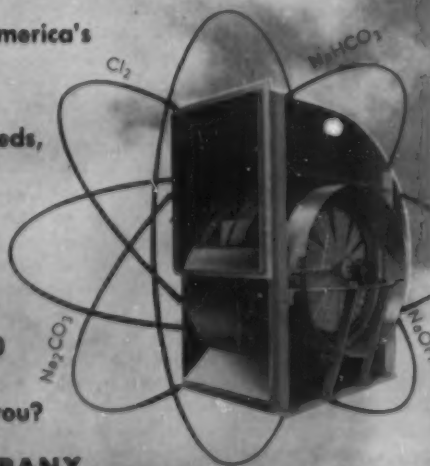
## Chemical Manufacturers

ARE AMONG THE MANY RELYING ON

## Clarage AIR HANDLING AND CONDITIONING EQUIPMENT

In virtually every one of America's largest plants you'll find Clarage fans and units on the job — by the hundreds, even by the thousands. Ours is highly regarded equipment in every field. For example, chemical manufacturers have been Clarage users for nearly 40 years. The reasons are numerous. May we show you?

**CLARAGE FAN COMPANY**  
Kalamazoo, Michigan  
Cincinnati, Ohio, Montreal, Canada



tions, and mortgage companies all over the country have scrambled to set up lines of credit that will enable them to warehouse mortgages. The Fed became concerned when it learned that a large Wall Street bank had set up lines aggregating \$800-million and that other downtown banks had gone in for these credits almost as heavily.

• **Inflationary**—From the Fed's standpoint the development has peculiarly inflationary implications. The banking system as a whole has a very slender margin of free reserves at the present time. Member banks are borrowing from the system in spite of the fact that the reserve banks have a government securities portfolio of \$234-billion and a total of more than \$25-billion of reserve bank credit outstanding.

Normally, banks are not expected to rediscount eligible paper at the Fed in order to make long-term loans or loans of a speculative character.

When banks that are in debt to the Fed make long mortgage warehousing credits, running to a maturity of two years or so, they are in effect employing the highly explosive short-term credit of the Federal Reserve to anticipate the future credit needs of the long-term mortgage market.

In the central banker's lexicon, borrowing short and lending long is a heinous crime. Although the Federal's warning was directed principally to mortgage warehousing credit, it will inevitably affect term loans and other lending commitments. However casually or informally the Reserve's stricture was conveyed to the market, it caused a distinct shiver, and it will be scrupulously obeyed.

## Savings Interest Hike Stirs Reluctant Banks

A hesitant game of follow-the-leader was shaping up this week for New York's mutual savings banks. One of the biggest, Dime Savings Bank of Brooklyn, has just raised its dividend to depositors from 2½% to 3%, the highest local rate in over 25 years. The hike will cost Dime an additional \$1-million a year, after tax savings, but if it draws a flood of new deposits, the bank figures it will be worthwhile.

Dime's basic reason for upping the dividend rate stems from its good earnings largely from high-yielding mortgages. But the Dime's action puts the pressure on other Metropolitan area savings banks to meet the hike. Williamsburgh Savings Bank of Brooklyn has already declared an "anticipated" dividend of 3%, but won't pay it until earnings for the current quarter are all in. Most of the other large savings

**\*AUTOMATION on your desk NOW!**



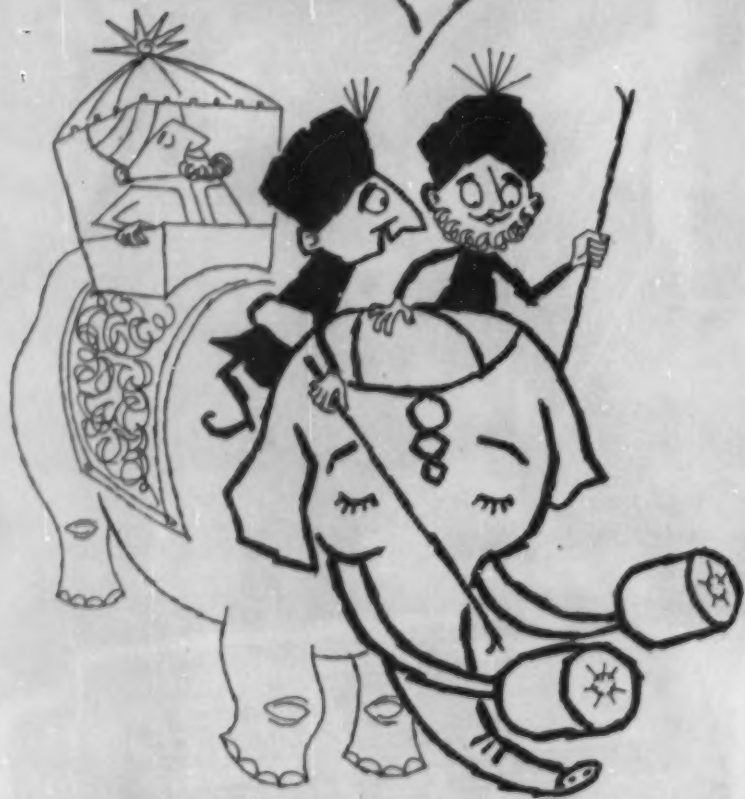
It is Monroe, of course,  
who brings you figuring  
\*Automation... the calculating  
machine development of the future  
... here and now in the present. And,  
as future progress brings even greater  
speed, efficiency and economy  
to calculating machines,  
count on Monroe to give you  
always the ultimate in *total  
automatic figuring operation!*  
Ask your Man from Monroe.  
Monroe Calculating Machine Co., Inc.  
Orange, N. J. . . . Branches Everywhere.



**OPERATORS WHO KNOW... PREFER MONROE** CALCULATING, ADDING, ACCOUNTING MACHINES

*If there's one thing  
the Rajah insists on, it's*

**FORT HOWARD  
TOILET TISSUES!**



Clever old codger, the rajah . . . even he appreciates the unvarying quality, softness, gentleness and absorbency of Fort Howard Tissue Products. Your customers, visitors, and employees will, too!

What's more, you don't have to pay a princely price for a superior tissue service by Fort Howard. It costs as little as 7c more per hundred users, over the cheapest service you can buy, to get the best.

Fort Howard Tissue is available in 18 grades and folds. You can be sure your Fort Howard distributor salesman will recommend the one best suited to your requirements. Call him today!



**FORT HOWARD PAPER COMPANY, GREEN BAY, WISCONSIN**

*For 36 Years Manufacturers of Quality Towels,  
Toilet Tissue and Paper Napkins*

banks are expected to follow suit, but some of them are noticeably unhappy about Dime's action.

For one thing, not all of the banks have so heavy a percentage of their deposits in mortgages as Dime, which has \$500-million in mortgages compared to deposits of \$693-million and resources of \$786-million. Dime's net earnings are the equivalent of around 34%, which leaves it some leeway for the higher payout. Many of the other banks have much narrower margins.

• **State Action**—Some bankers, who believe the Dime's move puts too much pressure on them, openly voice hopes that the New York State Banking Dept. will take action if bank earnings don't merit a 3% payout. George A. Mooney, State Superintendent of Banks, circulated a letter last week reminding the banks that dividends can be paid only from earnings accrued before the payment to depositors. The department is currently studying earnings for all the banks to see if the higher payout is warranted for the majority of them. Mooney pointed out to the bankers that at the old 2½% rate, banks were paying out between 70% and 90% of their earnings.

Mooney could reinstate payout ceilings like the 2% limit that existed for 16 years until 1953.

## FINANCE BRIEFS

Paper company mergers are becoming fashionable. The \$316-million Crown Zellerbach Corp. will marry the \$65-million Gaylord Container Corp., via an exchange of stock, probably two shares of Crown for each three shares of Gaylord. (Wall Street hears other leading paper companies had also been bidding for Gaylord.) . . . A similar deal is being negotiated by the \$216-million St. Regis Paper Corp. and Cleveland's General Container Corp. whose stock is closely held. St. Regis is offering to exchange 2½ shares of its common for each share of General.

• **Red ink operations** were the lot of Avco Mfg. Corp. in the quarter ending May 31. Sales dropped \$33.5-million below 1954 levels to \$99.9-million, bringing a \$131-million deficit compared with last year's \$1.4-million net. Avco blames higher costs, continued price weakness in the appliance and TV trades, a strike in its farm implement division, and lower deliveries under defense contracts.

• **42% of all home mortgages** are either federally insured or guaranteed, says the U. S. Savings & Loan League. In 1945 the figure was 23%, while back in 1940 it was 13%.





*Titanium can help keep these kettles cooking*

# TITANIUM

## for your special trouble spots

*The really bad actors in your plant, from a corrosion standpoint, are often small parts that make up just a tiny fraction of your total equipment costs. But their failure can turn profits into losses overnight.*

That's true, for example, in the food processing industry, where so much equipment is geared to high production. Corrosion of parts can mean serious shutdowns. Shutdowns that titanium can put a stop to . . . for titanium is practically inert to the fluids found in food plants, such as vinegar, brine, juices. What's more, with titanium,

there's no product contamination that can cause toxic effects or add unwanted flavors.

*If your plant has trouble spots where ordinary metals fail too rapidly, look into the advantages of REM-CRU titanium. It's the metal that's not only exceptionally resistant to corrosion, but also strong as steel, yet 40% lighter . . . tough, yet workable. Let a REM-CRU engineer offer helpful suggestions for the best use of this new metal. You can put his ideas to work fast, too, for REM-CRU titanium is now available for prompt delivery in the types and sizes you need.*

# REM-CRU TITANIUM

REM-CRU TITANIUM, INC., MIDLAND, PENNSYLVANIA

## GOVERNMENT

# What's in Washington Hopper

**An over-all revision of defense contract regulations . . . New rules for fast write-offs . . . An \$86½-million boost for shipbuilding . . . Close-in on alien property . . . Last rites for nonsked airlines.**

Some defense contractors have to stop including executive incentive plans as costs in cost-plus-fixed fee contracts. That's one of the results of a Defense Dept. proposal to revamp Armed Services procurement regulations.

Up to now, procurement regulations have said little about costs of profit-sharing and stock-bonus plans. The question of cost-allowability for incentive programs has been a matter of individual negotiation—some services have allowed it for certain companies, some have not.

The plan to put the matter into print—setting uniform rules for all the services—is part of an over-all revision of the regulations that has been in the works for more than three months. The Defense Dept. recently sent drafts of the new regulations to the major trade associations in defense industries. All the comments were in by last week. Sometime this summer, industry representatives will sit down at the Pentagon to hammer out the final revisions.

Other big changes in the proposed revision: (1) allowance of basic research expenses as a cost to be charged the government for companies doing less than 25% of their business with the military; (2) disallowance of selling and distribution costs; (3) limitation on advertising costs to material placed in technical journals, not general advertising media.

Exceptions to these new rules may be made in individual cases, the Defense Dept. says.

New government policy on defense plant dispersal is taking shape. Both fast tax write-offs procurement contracts are involved.

Until recently, rapid amortization was granted only for new plants at least 10 miles from a critical target area—i.e., a big city. When facts on thermonuclear fall-out were disclosed, this yardstick was scrapped. Now the Office of Defense Mobilization studies each case individually, taking into account factors such as terrain, prevailing wind currents, and other geographic considerations.

On procurement, the military is starting to bear down on contracts as a means to spur dispersal. The Defense Dept. has ruled that at least 40% of a production program must be put outside critical target areas. So far, the policy has been strictly followed only on guided missiles. It's reported that Pres. Eisenhower has taken a personal interest in seeing that missile output is widely dispersed.

The new policy has stirred up Southern California over the future of the aircraft industry. The Air Force, however, says there is no plan to "disrupt existing production centers." Aircraft and guided missiles contracts will still go to the big plants in Los Angeles, Seattle, and other coastal areas.

However, under the new policy, if a new production program comes up—such as a guided missile going into full production—and existing production facilities are inadequate, the Air Force will prod the contractor to put his new plant away from coastal areas.

According to unofficial reports, Lockheed Aircraft Corp. is caught up in this policy, and is unable to land a production contract for guided missiles because its Burbank, Calif., plant is in a target area. Apparently, the company has no free facilities at this plant for full production of a new weapon. It is handling research and development on missiles in a small old plant at nearby Van Nuys, Calif.

This situation may be a factor in Lockheed's merger talks with Bell Aircraft Corp.—whose main plant is at Niagara Falls, N. Y.

The new policy also is a factor in Boeing Aircraft's search for a plant site in Oklahoma for production of guided missiles. The Air Force turned down a Boeing proposal to expand facilities on the West Coast.

Shipbuilding got a boost last week when Congress approved a compromise bill providing \$86,450,000 for new ship construction.

The bill provides government share of money for 4 combination passenger ships, 5 cargo ships, 10 trade-in and

build tankers, and a big prototype tanker. Two cargo prototypes and part of research and administration money were cut.

Of the 20 ships provided for, only two or three will get into the yards before the end of the year. But it will be a healthy boost to shipyards; only 22 ships are now under construction. The money is part of the government's plan to pull the shipbuilding industry out of the doldrums (BW—Jun. 11 '55, p96). This April, employment in private U. S. yards was at its lowest since World War II, but it is beginning to rise.

New shipbuilding business showed last week, too, when the Navy's Military Sea Transportation Service awarded charter contracts to produce eight new tankers, with seven more to come. Hung up for months on financing arrangements, this program calls for 15 new tankers to be built by private companies, then leased under 10-year charters to MSTs.

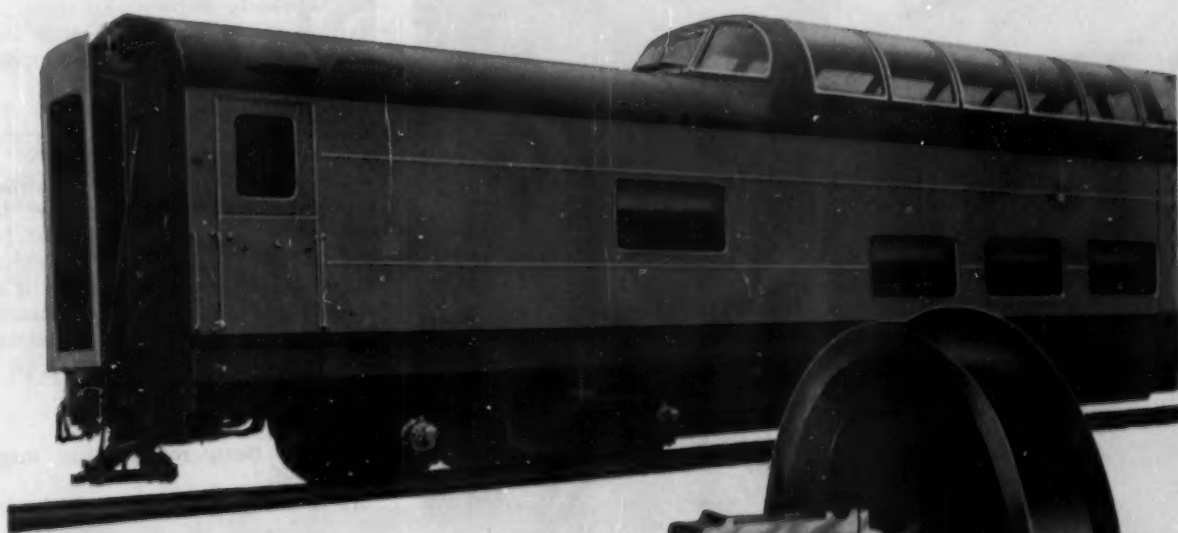
While other ship programs are riding high Eisenhower's atomic "peace ship" has run into trouble. Congress dropped it from the multimillion-dollar atomic construction bill last week, but the President sent a new request. And he has let it be known that he has very strong feelings on the matter.

Government sale of the \$100-million General Aniline & Film Corp., seized as alien property during World War II (BW—Feb. 26 '55, p122), moved one step nearer as Swiss claimants seeking return of the property have suffered another court defeat.

But further legal maneuvers will block sale for months. A decision last week by the U. S. Court of Appeals in Washington, D.C., dismissing the suit of the Swiss holding company I. G. Chemie (Interhandel), probably will be appealed to the Supreme Court. And the dismissal by the Court of Appeals is conditional: If the Swiss can come up with a batch of Swiss bank documents in the next six months, the court will give Chemie a trial on its claim to General Aniline.

Chemie has been trying since 1950 to produce the bank records, ordered by District Court Judge Bolitha Laws. Laws says the records are essential evidence in the government's contention that Chemie is "enemy tainted." Under the Trading With the Enemy Act,

**IN 1954 67% OF THE  
ROLLER BEARING JOURNAL BOXES  
ORDERED FOR NEW U. S. RAILROAD  
PASSENGER CARS WERE HYATTS**



*Need we say more? The remarkable economy and dependability records rolled up by HYATTS have earned ever-growing respect from the railroads. Add the bonus benefits of better-riding, wear-saving *Free Lateral* and you'll see why the big trend today is to . . .*

**HYATT**

**RUNNING MATE OF FASTER FREIGHT**

HYATT BEARINGS DIVISION • GENERAL MOTORS CORPORATION • HARRISON, NEW JERSEY

**ROLLER BEARING  
JOURNAL BOXES**



THIS IS NATIONAL STEEL

## Look what the wheel has done for us!

And look what steel  
has done for the wheel

**N**obody knows who thought of it first. But certainly the wheel is one of man's most notable achievements.

It started civilization moving. It turned—and man and his world changed, abruptly.

Now it tells man the hour. It carries him to work. It brings him food. It builds his house. It gives him light. It cools and warms him. It *is* industry.

And when you think about it a minute, where would we be without it? And where would the wheel be without steel?

### Importance of steel

There are many reasons why man chose steel.

It is strong and durable. It holds its dimensions. It will not warp, shrink, splinter. It can be made to fit a specific size or shape.

And, year after year, the quality of steel has improved. Better steels are constantly being offered to American industry.

One of the steels that make possible better wheels than were available just a few years ago is N-A-X HIGH-TENSILE steel, a product of National Steel Corporation.

### Advantages of N-A-X HIGH-TENSILE

N-A-X HIGH-TENSILE is a low-alloy, high-strength steel with good ductility and cold formability to withstand the tremendous pressures of deep-drawing dies used in wheel making.

For example, the N-A-X HIGH-TENSILE wheel (shown at left), though it may look no different from any other truck wheel, is actually sturdier and it is lighter. This means that





Here's the first step in making the disc of a truck wheel. Flat discs are blanked from sheets of strong, ductile, impact- and fatigue-resisting N-A-X HIGH-TENSILE steel.



After blanking, the flat discs are cold-taper-rolled to the desired shape and thickness—then are transported by crane to the presses for the cold-drawing and forming operations.

more weight goes into the payload.

N-A-X HIGH-TENSILE steel also has exceptional resistance to road impact, fatigue, abrasion and corrosion. It has excellent welding properties, too.

#### National Steel's role

The characteristics that make N-A-X HIGH-TENSILE a better steel for wheels also make it better for many other products, such as automobile and truck bumpers, railroad cars and flooring, earth-moving equipment, shipping containers, and many other

applications. In fact, its applications are limited only by man's imagination.

N-A-X HIGH-TENSILE is, of course, just one of many steels made by National Steel. Our research and production men work closely with customers in many fields to make better steel for better products.

It is our constant goal to produce still better and better steel—America's great bargain metal—of the quality and in the quantity wanted, when it is wanted, at the lowest possible cost to our customers.

• DRIVE SAFELY •

**NATIONAL STEEL**  
GRANT BUILDING

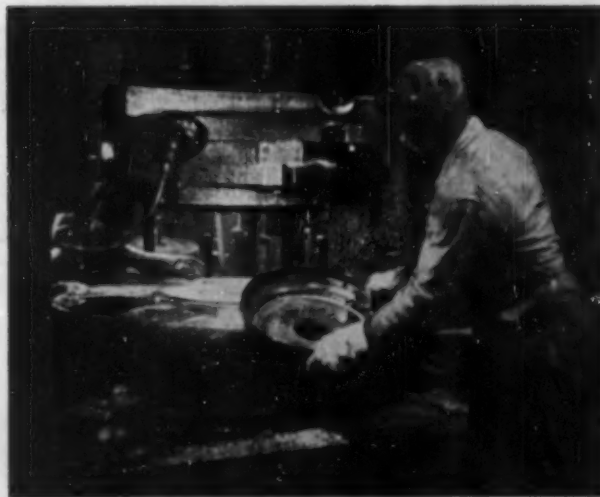


**CORPORATION**  
PITTSBURGH, PA.



SEVEN GREAT DIVISIONS  
WELDED INTO ONE COMPLETE  
STEEL-MAKING STRUCTURE

Great Lakes Steel Corporation • Weirton Steel Company • National Steel Products Co. • Hanna Iron Ore Co. • The Hanna Furnace Corporation • Stran-Steel Division • National Mines Corporation



The wheel discs take shape under the tremendous pressures of deep-drawing dies. Ductile N-A-X HIGH-TENSILE has excellent cold-forming properties for these applications.



After final assembly and joining of completed disc and rim, each truck wheel is rigidly inspected for any imperfection. N-A-X HIGH-TENSILE steel assures outstanding performance.

# Don't let a business partner's death be the death of your business, too!



Losing a business partner who, more importantly, has been a close personal friend, is tragedy enough in itself—without *adding* to the tragedy by losing your business, as well.



And yet, **they so often** go together. For it can be a matter of life or death if a deceased partner's heirs want to sell their holdings; or inject inexperienced hands into the business.

What steps can you and your partners take now? First, have your attorney draw up a Buy-and-Sell agreement that gives remaining partners the option to buy the deceased partner's shares. Then ask your Travelers man to arrange for Partnership-Life insurance so that the money is available for the purchase.

Please send me further information concerning Partnership-Life insurance.

Name \_\_\_\_\_

Street \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_

BM T-6

ONE OF THE LEADING  
LIFE INSURANCE COMPANIES

# THE TRAVELERS



INSURANCE COMPANIES, HARTFORD 15, CONNECTICUT

All forms of personal and business insurance  
including • Life • Accident • Group •  
Automobile • Casualty • Fire



vested property may not be returned to such a corporation. Laws dismissed Chemie's suit after it was unable to bring the records into court, blocked by a Swiss law that forbids revealing banking or business secrets.

Nonscheduled aircoach service took a fatal blow last week when the Civil Aeronautics Board ordered North American Airlines, the last big nonsked aircoach operator, to get out of the business.

CAB found that North American, a combine of nonsked carriers, had violated the Civil Aeronautics Act in numerous ways, mainly by getting together and offering their services as a single airline. Four partners in the North American operation—James Fischgrund, Jack B. Lewin, Stanley D. Weiss, and R. R. Hart—were also found to be operating together in violation of the law.

Punishment for these violations is a CAB order revoking, effective Sept. 1, the operating authority of the four nonskeds flying under the North American name.

The individuals and companies comprising North American are ordered to quit offering a combined air service immediately.

North American has stayed in business for the past couple of years by a series of legal maneuvers that staved off CAB orders clamping down on it. But this legal legerdemain—as CAB called it—seems to have just about run out.

One CAB member, Vice-Chmn. Joseph P. Adams, disagrees with the action of the majority. He agrees that the nonsked violated regulations, but feels that revocation is too severe a penalty. Adams says the CAB is ignoring the needs of the traveling public in eliminating the carriers completely from the scene.

Congress has refused to approve funds for improving construction industry statistics, now considered about the most incomplete of any government figures on a major industrial segment.

The Commerce Dept. had asked for \$1.3-million to pay for a housing survey by the Census Bureau, and for continuing figures on commercial and housing construction. The House threw out all of these requests. The Senate restored about \$1-million, but the House refused to agree to the increase.

Commerce Dept. officials now admit that their \$50-billion estimate of construction activity may be off by as much as 10%.

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# Administration Has Censorship Blues

● President and top officials feel publication of some unclassified information is helping the Russians.

● But the rules regarding release of unclassified data are not clearcut like those for classified material.

● Efforts of Commerce and Defense to tighten news control have been attacked by the press.

Pres. Eisenhower and his top officials are trying to work their way out of a tangle over censorship. What is involved is the whole problem of government officials withholding unclassified information from news channels that want to pass it along to the public.

Drawing the line on what information is to be kept under wraps and what's to be released to the public is a tough one for any government official. Eisenhower officials have found this out in a wide variety of information-censorship situations that have popped into the news in recent weeks.

As a result, Congress is stepping in to take a look: A House government operations subcommittee, headed by Rep. John E. Moss (D-Calif.) has started to study the matter.

The investigators will not lack for material. Here are a few notable cases in which the Administration has been criticized for holding back information:

(1) The famous Moscow "fly-bys" of new jet bombers—and the scoops in the press followed by Defense Department action to step up U.S. plane production to counter the Russian gains.

(2) The big delay in release of the facts about the vast new danger from atomic fall-outs, resulting from successful testing of a third and more deadly type of nuclear bomb.

(3) The Dixon-Yates Power contract negotiations, which the Democrats charge have been covered up by Bureau of the Budget officials.

(4) Release of information on Salk vaccine, which raised doubts about the frankness of government officials in telling the whole story.

• **The Big Question**—The broad question the Administration has to find an answer to is this:

How much information of what kind is it safe to permit the public to know?

And secondly, if it's safe to let the American public know, is the right to know more than offset by the aid the Russians may get from learning the same facts? This is important because the Administration considers information to be strategic—although unclassified—if its publication helps the Russians more than U.S. citizens.

Actually in the hullabaloo over Dixon-Yates and Salk vaccine, there's no real quarrel. Eisenhower himself has said publicly time after time that reporters only had to go to the officials involved to be supplied with answers to any question they had to ask. The difficulty here centers around the question of how far underlings have followed the President's instructions on making the information available.

• **Problem of Security**—But where military security is involved, the problem really gets complex. Businessmen are involved in this area, too, since the press gets its information on arms items and technical developments from industrial sources, as well as military personnel. Furthermore, defense producers have gotten into difficulties by publishing advertisements that have been cited as violating security.

Many of the disputed items of information that get into the press involve classified matters—but the issue here is clearcut. The reason is that the military themselves have complete responsibility for generation and release of the news. These involve a wide variety of information—reports to military agencies, photographs, public acknowledgement that certain military weapons exist, or that they fly or how fast they fly, and scores of hundreds of other bits of intelligence that are key elements of our military arm.

Information on these either is released officially, or is given out in an unauthorized manner by persons for whom the military are completely responsible. Officers, enlisted men, civilian employees of the military, military contractors—all can be punished for improper release of information relating to classified matters. There is no law or rule that can bring any pressure to bear on the press for printing information volunteered to them in this fashion.

• **Trouble Area**—The trouble arises over unclassified but strategic information or information whose classified nature is open to question. Countless examples are cited by newsmen of poor rules and poor administration of them concerning this type of information. They gripe

about government officials refusing to permit U.S. publication of information that the Russians already have, one service classifying information that another service gives out freely, press officials of the service not abiding by their own rules on release of information for one reason or another, government officials lying to the press, or refusing to say whether a bit of information is classified or not.

In most of this area, the running tug-of-war is conducted without too much public notice. But squabbles have a habit of spilling over into the public prints, of becoming matters of public policy very quickly.

A study, made by a National Security Council committee of Soviet access to U.S. defense information has helped spur the Administration's censorship campaign. The committee reported that much information published in the press and made available by government itself as unclassified material has been of strategic value to the Reds. One good example: Published details and pictures of the Nike anti-aircraft guided missile angered the President, who believes we helped the Reds gather information that they would find difficult to get if wide publicity were withheld.

As part of the study, the government hired a private research organization to find out as much as possible about U.S. defense capabilities by poring over unclassified literature and picking out bits and pieces of strategic information. The private group put 17 researchers to work for about six weeks. They came up with such a detailed report on U.S. military strength that security officials said something must be done to impose restraints on release of strategic information.

• **News Controls**—Eisenhower's answer to the problem has been strengthening of news controls in two vital government departments—Commerce and Defense.

In November, Commerce Secy. Sinclair Weeks created an Office of Strategic Information, in line with a National Security Council directive (BW—Jan. 15 '55, p. 32). Its main function: to set up a "guidance" system for editors and businessmen to keep certain unclassified information out of news columns and advertisements. R. Karl Honaman, a 60-year-old engineer on leave as publications chief for Bell Telephone Laboratories, was named director. A mild but stubborn man, Honaman has since become one of Washington's most controversial figures.

J. Russell Wiggins, executive editor of the Washington Post and Times Herald, and a spokesman for the Ameri-



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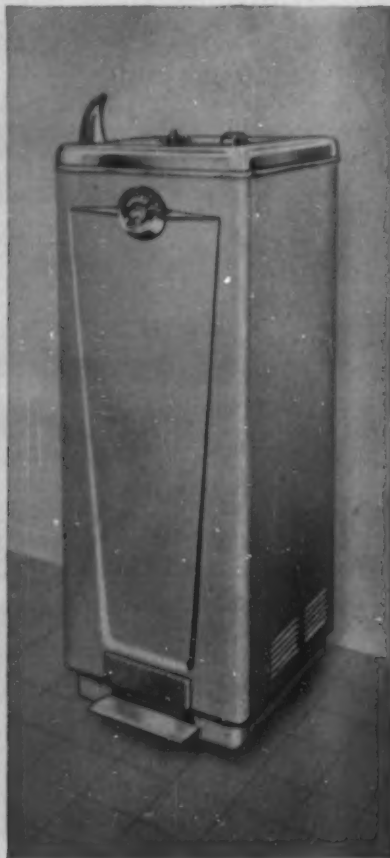
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can Society of Newspaper Editors, warned Weeks that "no matter what voluntary devices are employed, by no matter what attractive and acceptable stereotypes they are labeled, a proposal under which government is going to 'help' the American press decide what non-classified information it ought to print and what it ought not to print is a species of censorship of the most offensive and dangerous kind." Magazine editors tend to go along with this thinking almost 100%.

In March, the Defense Dept. tightened up on the release of military news. The new restrictions stirred up a headline-making squabble between the Pentagon and the press. Then, two weeks later, Wilson provoked more controversy by explaining that his new policy would involve not only news related to security, but "a determination of whether release . . . of the material would constitute a constructive contribution" to the Defense Dept. Although Honaman denies it, the new directive and its strict interpretation have been generally attributed to him. In April, he left Commerce to become a Deputy Assistant Secretary of Defense, to enforce the new policy. Honaman is an unpaid official.

Since Honaman's move to the Pentagon, OSI has steered clear of its voluntary censorship program for the press and has emphasized its other functions. Honaman's successor at OSI will be Erwin Seago, a onetime Chicago attorney who specialized in aviation law, and more recently a University of Virginia law lecturer.

• **Status of Ads**—In all the ruckus about strategic information the status of advertising by defense contractors remains fuzzy. There is no definite government policy—except, of course, that contractors can't talk about classified work in their advertising. But for "gray zone" material—strategic information—a clear-cut clearance policy does not exist.

As things stand now, a defense contractor is not obligated to clear his advertising copy. But if he thinks his ad gets into sticky defense details, he can consult with his procurement officer or the Pentagon's security review office. After that, there are no specific rules.

• **Opposition View**—There are many experts and laymen who feel the government is going too far in clamping down on unrestricted information. They insist that the U.S. technology and production is built basically on the freest exchange of information—technical and otherwise—and that is what we have to count on to keep in front of our economic and political competitors. They say that suppression and control of information from the top—the policy of our adversary—is the real threat to our system, not fear based on what the Russians may learn from U.S. sources.



## In Buying a Crane

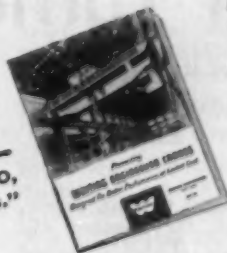
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## COMPANIES



WALT DISNEY and Disneyland locomotive. It's just one feature of huge California amusement park, a child of Mickey . . .

# The Mouse That Turned to Gold

**Animated cartoon industry turns over its capital too slowly, so Walt Disney diversified. His TV show plugs multi-million-dollar new carnival park.**

In real life, fame rarely leads to fortune—particularly if you are a mouse. But in Hollywood, almost anything can have a fairy tale ending. After more than a quarter-century of paw-to-mouth existence, Mickey Mouse finally is piloting his creator, Walt Disney (cover), to the pot of cheese at the foot of the rainbow.

In some ways, the \$17-million Disneyland amusement park that opens in Anaheim, Calif., July 18, is a far cry from the little rodent that first scampered across the movie screen in 1927. Disneyland will be a world of history and romance, of fiction and fantasy. It will be peopled by Davy Crocketts, Snow Whites, Peter Pans and Captain Hooks, Dumbos, and other Disney creations. But Mickey Mouse will be there too—a smug reminder of the few ups and many downs that Walt Disney Productions had to weather

before it finally began to make money.

As late as 1940, the company was in debt \$4.5-million. Today, according to Walt Disney, chairman of the board, "Our company is valued on the books at \$8.5-million, and we have been in hock for that much and more. We've touched the heights only once before and we've hit bottom twice." And Roy Disney, Walt's brother and president of the company, says this year will be the best in the Disney history. In the first six months of the year gross profits were \$9.9-million—double that of the same period last year.

### I. Fending Off the Wolf

Directors and stockholders believe that the tide of Disney's fortunes turned after World War II, when Walt Disney began to diversify. Up to that time, he had concentrated on pro-

ducing feature and full-length cartoons. But these were becoming increasingly expensive to make, and took a long time—sometimes up to three years. It took another one to two years to recover costs, and Disney needed that money to plow back into his next feature.

To speed up production, Disney experimented with combination live action and cartoons, and in 1949 started his True Life Adventure series—nature films in authentic settings. The first seven were 30-min. films. Then Disney stretched out to a full-length one, *The Living Desert*. Today it is rivaling *Gone With the Wind* at European box offices, and will make as much money, at less cost, as any of Disney's cartoons.

Disney didn't abandon the full-length cartoons entirely, but intends to produce one about every two years. *The Sleeping Beauty* now in production is scheduled for 1956 release.

• **Into Television**—After diversifying his theatrical product, Disney last year took a flying leap into another medium, television. The Disneyland TV show was started as a means of advertising the



# How do you get the lowest price when buying truck tires?

Some truck operators are attracted to the "extra discount" they can always get on some makes of truck tires.

Others, through experience, have found that it's far more worth while to look for the "delayed" discount they get with "plus" performance tires such as Kellys.

We call it "delayed" discount, because the actual saving isn't determined until the tire has delivered its last mile of service. It is only then that you discover how much more a Kelly tire pays off with original tread rubber that gives far greater mileage and a carcass that stays strong and safe for recap after recap. This is the kind of saving only top quality tires can give you.

By passing up savings of 10% to 12½% in first cost, many truck operators have obtained "delayed" savings of as much as 67% with Kelly Nylons.

## **Tire construction means more than discounts**

Kelly Nylon tires consistently deliver more original tread mileage followed by a great deal more low-cost mileage after recapping. No truck tire yet developed can top the Kelly Armorubber tread for toughness and slow, even wear. The Kelly Armorubber compounding process distributes more abrasion-resisting carbon black more

evenly and thoroughly around every molecule of rubber. And newly improved materials and methods now make this extra tough tread cooler-running as well, adding substantially to the original tread life.

When treads are finally worn smooth, the extra strength Kelly cord body is designed to be strong enough and sound enough for several recaps. In many operations, truckers are getting an average of three or more recaps per tire. This is due to the especially processed nylon cord—and the cool-running, heat-resisting body compounds that bond plies and tread into an extra strong, cooler-running unit. This is Kelly's exclusive Safety Weld.

## **Nylon-plus construction**

By an especially developed processing method, extra strength nylon (or rayon) cord is wet-stretched and then heat-stabilized at its point of optimum efficiency. Tire growth is effectively stopped, and the cool-running stabilized cord retains its strength for recap after recap.

## **Lowered maintenance costs**

Even in the most punishing types of service, Kelly perfected nylon (or rayon) tires provide maximum protection against bruise injuries, heat and moisture. Almost invariably, truckers tell us that after equipping with Kellys, operating costs go down

—there is less time lost from delays due to tire failures. They enjoy lower final cost per tire mile.

## **It pays to buy tires on a long-range basis**

Most businessmen have to operate on a long-range basis: to look ahead and buy ahead with the aim of reducing over-all costs of operation.

It certainly pays to look ahead when buying tires! Look for the longest mileage obtainable on the original tire treads and look still further to the steadily lowered final cost-per-mile that comes from tires which can be recapped again and again.

## **Why settle for less?**

Why settle for a lower initial cost, when a substantially lower final cost-per-mile can be secured? Your local Kelly tire dealer will gladly show you evidence of how Kelly Truck Tires cut operating costs. He'll also suggest the proper job-designed Kelly to fit your particular type of operation.

His "tire know-how" and service facilities will help insure the over-all savings in tire bills that job-designed, tough Armorubber Kelly Truck Tires can deliver.

For further information, write Kelly-Springfield Tire Company, Cumberland, Maryland.

**There's a tough KELLY for every trucking job!**

THE KELLY-SPRINGFIELD TIRE COMPANY, CUMBERLAND, MARYLAND





**RAILROAD**, in 1/8 scale, offers the kids rides at Disneyland. There are also a stagecoach and steamboat.



**FANTASYLAND** is one of five big divisions in the park. Boss Disney looks over construction. The opening: this month.

amusement park. "We wanted to start off running," says Walt. "The investment was going to be too big to wait for a slow buildup. We needed terrific initial impact and television seemed the answer." Disney makes the show for American Broadcasting Co., for a flat rate. ABC sells the show to sponsors. Actually, Disney loses a little on the deal, but gains enough publicity for Disneyland to more than compensate.

• **Chain Reaction**—The television show, however, soon turned up another trump. Disney advertised one of his live movies, *Twenty Thousand Leagues Under the Sea* on the program by showing behind-the-scenes activity in making the movie. The mass audience of the Disneyland show—starting at around 25-million and working up to 50-million—made *Leagues* a smash hit. The estimated box office gross now is set at \$12.5-million.

Another of Disney's TV shows, *Davy Crockett*, illustrates again the Disney impact on the American public. In no time flat, stores were clamoring for Crockett merchandise. Disney turned the TV show into a movie just by re-editing the three half-hour TV shows.

Spurred by the runaway success of the Disneyland TV show, the American Broadcasting Co. talked Disney into making a second series in the fall. This will be the *Mickey Mouse Club*, an hour show five nights a week. The format will include a junior symphony, a series of children's stories, a *Flying Carpet* travelogue, a *Mickey Mouse* newsteel, and a series called *When I Grow Up*, which will give its audience a close-up of jobs they might hold—such as an airline pilot.

## II. Acres of Fantasy

The big interest with the Disney brothers these days, however, is their amusement park.

Disneyland is owned three ways—by

Walt Disney Productions, American Broadcasting Co., and Western Printing & Lithographing Co. But it's pretty much a Disney show.

Financing of Disneyland is explained this way. Each of the co-owners put up \$1,150,000, and they're committed for more. Disneyland then got two years' rent in advance from lessees, which brought in another \$2.5-million. By opening date, total investment in Disneyland will run over \$10-million, while exhibitors will have spent at least \$6-million. American Motors, for one, has spent \$700,000—not counting its merchandise. Reason for the splurge is that Disneyland anticipates an attendance of between 5-million and 8-million a year.

• **Attractions**—The park is divided into five areas: Frontierland, Adventureland, Fantasyland, Tomorrowland, and Main Street.

Like any amusement park, Disneyland will have rides—but rides like no 20th Century amusement park has ever seen. Around the perimeter of the 62-acre park will run the Santa Fe & Disneyland RR, with cars and engines of the 1890 period. Everything is in 1/8 scale. Other looks into the past include the stagecoach ride through the Painted Desert, with a full-scale Indian attack; and a steamboat trip along a 14-mile river past typical American river towns.

In Adventureland, there's a ride in the explorer's boat down the rivers of the world—past lifelike plastic snapping crocodiles, and chattering monkeys.

In Fantasyland, there's the Peter Pan Fly Through, which takes children on an aerial trip over London and the Thames. The trip is beset by pirates firing ping pong balls; Captain Hook swings his hook—but everybody gets home safely. Then there's the King Arthur Carousel, world's largest, with 78 horses. "Jumping horses, don't forget," says Walt.

In Tomorrowland, the big attraction

naturally is the rocket trip to the moon.

Main Street is a replica of an American town of the 1890-1910 period. Here most of the 35 tenants are located—a subtle way of saying "We have been in business a long time." Disneyland pays for the exteriors of the buildings, and controls the design tightly. Disney also has veto power over inside exhibits, to keep everything in good taste.

• **Less Rain**—To find a proper location for Disneyland, Disney—whose imagination is apt to run away with his business sense—called in science. After exhaustive research, the Stanford Research Institute finally offered him three sites. Anaheim was picked because it has five inches less rain a year than the San Gabriel and San Fernando Valley sites. It also happens to be in the dead center of population in Southern California, and only 26 miles from Los Angeles.

After selecting the site, Disneyland bought all the land it could. In addition to the 62 acres of the park proper, there is a service area of 6 acres and parking space of 25 acres, and a protection strip of 10½ acres to keep people from moving in too close. The parking lot will hold 12,000 cars, and the park manager figures Disneyland can handle 50,000 people comfortably.

To operate the park, Disneyland will have between 500 and 600 people on its payroll, and the lessees and concessionaires a similar number. Admission will be \$1 for adults, 50¢ for children. The most expensive ride, the river steamer, is 25¢ for kids.

## III. No Royal Road

Walt Disney himself is an excellent example of how worldwide fame and acceptance do not automatically bring riches.

Walt, who was born in 1901, got into the animated cartoon business in



**since he switched to General Motors Diesel Power**

*New Jersey contractor Raymond L. Cole bought a shovel powered with a GM 2-cycle Diesel to replace a 4-cycle Diesel-powered unit of the same size. The new shovel which moves 25% more earth per day is one of five GM Diesel-powered shovels owned by this excavating specialist. He had a choice of Diesels for his new shovel but specified GM because "we knew from experience it would work faster, need less maintenance, and it cost almost \$1,000 less to buy."*

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1920, after a stint as a commercial artist. He went to Kansas City to draw for a company making advertising slides for a movie house. He soon developed a new method of animation, and started turning out one weekly animated cartoon of local happenings. In his spare time, he experimented with a new idea—the animation of fairy tales. He soon formed his own company, but his New York distributor went bankrupt, and Disney packed up and went to Hollywood. He landed there—broke—in August, 1923.

He and his brother Roy formed a new partnership. With two girls (one of them, Lillian Bounds, later became Walt's wife), they turned out a series of animated films, beginning with *Alice in Cartoonland*. His New York distributors thought Disney was over-expanding, and they parted company. Right then, Disney conceived his famous Mickey Mouse.

• **The Start**—While Mickey immediately became a household pet—in fact, Mickey Mouse has become a generic term to refer to short cartoons—his debut was far from auspicious. He entered the scene—squeakless—just at the time the public was going mad over the new sound movies. The Disneys thought for a while they would have to fold, until they worked out their own method of sound synchronization—and Mickey Mouse began to prosper. Disney made a Mickey Mouse every month, until production costs got so high he decided to branch out into longer films. *The Three Little Pigs* came first, followed by a full-length cartoon, *Snow White and the Seven Dwarfs*.

*Snow White*, released in 1937, made \$9-million the first release, \$5-million in subsequent releases.

• **Back in Debt**—Spurred by this success, Disney expanded too fast. "We paid off all our debts, and had \$2-million left over," says Disney. "So naturally, we had to build a new studio in Burbank, Calif."

A year later, Disney lost it all, and two years later was \$4-million in debt. The reason was the war in Europe. Disney had always picked up more than half his revenues abroad. Now he was caught with four feature-length movies and no place to exhibit them.

Until that time, Walt and Roy and their wives owned the entire company. Now the only way out was public ownership. At first, they issued preferred stock, but after defaulting on dividends for a couple of years they had to issue debentures and common. Today Roy and Walt own 54% of the voting stock, but it is invested in a 21-year trust.

Meanwhile, just before Pearl Harbor, Disney converted to war work, and soon had about 94% of his efforts involved in making training and propa-

ganda films. There was little profit, but this war work helped reduce the company's bank loans to \$500,000.

• **Slow Buildup**—After the war, Disney had to begin the slow buildup. The company had no new product for the domestic market, but it was temporarily saved by having a reopened market for his old products in Europe.

To speed up recovery and to get his full-length animated cartoons going, Disney tried several new experiments. First, in *Make Mine Music*, he combined the voices and talents of Nelson Eddy, the Andrew Sisters, Benny Goodman, and others, with the cartoon medium. Then he combined cartoons with live action in *Son of the South*. After this, he combined Charlie McCarthy and Mortimer Snerd (Edgar Bergen's puppets) in *Fun and Fancy Free*.

The remedy wasn't fast enough, however, and by 1948 Disney needed more help. It came from RKO (distributors of Disney films then) in the form of advances against foreign blocked currencies. To get frozen funds out of England, Disney made several all live-action historical romances.

By 1950, things were getting on an even keel again, and Disney's venture into live action was beginning to pay off. Best of all, the company's capital wasn't entirely tied up. According to Paul Pease, treasurer, it takes from 4½ to 5 years to recover money on a feature cartoon; with live action, you get it back in about two years.

• **\$2-Million Sideline**—One of the big sidelines at Disney—one that has helped drag the company over to the right side of the ledger—has been its character merchandising division. Through it, various companies are licensed to use the copyrighted Disney name and characters on their merchandise. One of these, U. S. Time Corp., has made about 9-million Mickey Mouse watches.

The biggest items in the merchandising division are publications. Toys come next, and Disney is going more and more into clothes. One thing that has held him back here is that you have to have a real live character. Starting with Davy Crockett, Disney expects to get more solidly into this field. Already Disney collects about \$2-million a year in fees from this sideline, and expects to double that within the next two or three years. The division already has moved to capitalize on Disneyland. A few of the items dreamed up to correlate with the park are: a rocket ship control board tied to Tomorrowland; guns from Frontierland; pith helmets from Adventureland.

Even as Disney begins to prosper, however, he still isn't taking much money out of the business. The combined salaries and fees of the nine officers and directors total about \$293,100.



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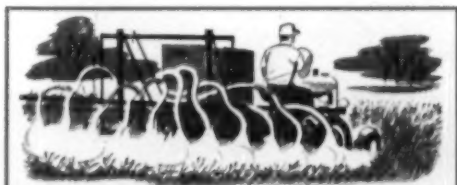
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## COMMODITIES

# COAL

## Turns the Corner



Data: U.S. Bureau of Mines.

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... And in the 1960's coal output will hit a new peak—due mainly to utility needs

## The Question Is: How Soon?

The coal industry is beginning to think it can see light at the end of the tunnel. The long-afflicted trade is already having a junior sized boom. And the opinion is growing that the industry may soon be out in the strong sunlight again.

All this is very much a switch from the grim years between 1947 and 1954 when more than 3,000 coal companies sold out or folded, and nearly that many mines were shut down. In the same stretch, some 170,000 miners lost their jobs, while many of the others saw their work week thinned down to three days, and sometimes to two.

Toward the middle of 1954 this dismal decline slowed, stopped, and then took a modest upward turn. Ever since, the improvement has been gaining momentum, and giving the hard-pressed

industry a badly needed breathing spell.

With the respite has come renewed interest in coal, and a readier ear for what the long-range fuel and energy forecasters have been saying all along: that coal has a very fine future indeed, and may even one day regain its throne as king fuel in the U.S.

As for the current boomlet, it sprang from several happy circumstances all falling together:

- Coal exports to Western Europe have provided the biggest gains. England and Germany, the traditional suppliers, have been unable to keep up with the demands of industry that's booming all over the place. So shipments from the U.S. have been running about double last year's rate, with the stress on the highest grades, produced mainly in the South.

- The general recovery of U.S. business has boosted the use of industrial coal. Steelmaking—now at 95% of capacity compared with a low last year of 63%—tells a lot of the story. It takes about a ton of coal to make a ton of steel.

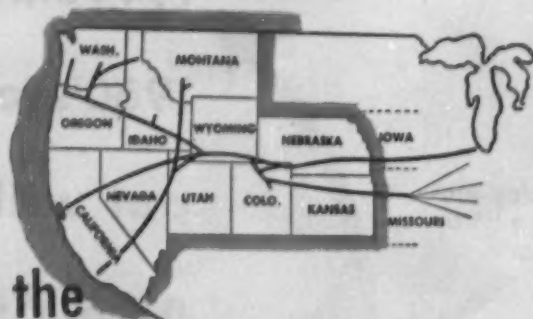
- The electric utilities continue their steady long-term growth, and coal for fuel grows proportionately.

The industry—which shrank its capacity during the bad years—is now having to use just about all that remains to supply the new needs. First-half 1955 production was 19% above the very bad matching period in 1954. This rate of gain won't hold for the whole year, but the expected 415-million to 440-million ton total will still look chabby against 1954's 392-million tons.

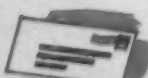

The chubbiness melts, though, if



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**"... losses in the home heating market also cut deep ..."**

**COAL starts on p. 81**

you stack 1955 expectations up against the 534-million ton production as recently as 1951, or even the 500-million tons that the industry claims is essential to keep it moderately healthy.

• **How Long?**—What practical men in the industry want to know is this: Is the 1955 showing the first toddling step in a steady climb, or is it a brief stumble in a downward march that won't end for several more years? Some coal men think the bad days are over; others claim there will be no real gains before 1958 or 1959. One expert says, "I can talk to you learnedly and at length about 1975; the next two or three years are a lot tougher."

The answer probably lies in the general level of business, and in the delicate balance of the good and bad factors for coal.

The biggest blow of all for coal was the dieselization of the railroads. That's a wound that won't get much deeper, simply because dieselization is just about complete. But it still hurts: In 1947 the railroads burned 109-million tons of coal, in 1954 they took 17-million tons.

Losses in the home heating market also cut deep, with coal having to yield to the convenience of oil and gas. Coal's share of home heating was down to 50-million tons last year, and losses will continue, though probably at a slower rate (on the theory that most people who can afford to convert to oil or gas have already done so).

The third blow is the decline of exports to Canada, once the biggest foreign consumer of U.S. coal. Sales to Canada have dropped for five straight years and are due to keep on down. The Dominion is relying more and more on its expanding oil and gas industries; its railroads are pushing dieselization. Exports to other countries are unpredictable, with the current high point merely part of a 10-year roller coaster ride. Over-all, exports will probably shrink.

• **The Good Side**—Coal has reasons to crow as well as to moan. Its two biggest customers, steel and the electric utilities, are themselves growing very fast. Steel seems ready for another round of expansion (BW—May 7'55, p. 25). If general business keeps rising, steel will boost production, and carry coal up with it. So will a lot of other business—smelting, cement, chemicals, the swarm of smaller steam and power plants that, lumped together, make a sizable market.

Then there are the electric utilities, stepping up output year by year, cer-

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"... there's one still nebulous specter at coal's hoped-for feast: atomic power. But coal men say the ghostie is a long way off..."

COAL starts on p. 81

tain to need several million more tons of coal each year. After all, the nation's needs for electric energy should almost double by 1965, and triple in another 10 years.

• **Near-Term**—For the next few years, these factors will be in close balance. If business is good, coal should gain; if not, it may drop still further back.

It will be around 1960 that the really good times should begin, with utilities giving the biggest push. By then conservative estimates are that the utilities will need some 50-million more tons of coal a year than they do now.

As of today, coal produces about half of all U.S. electric power. Oil and gas provide a quarter, water power the rest. But coal is slated to increase its share of the market considerably; probably before 1960. That's because the best water power sites are already gone. And both oil and gas are getting harder and more expensive to find—their costs have nowhere to go but up.

Against this, there's a good chance that coal will be able to reduce its costs. Labor cost is sticking at around 60% of the total; still more mechanization can pare this figure.

High transportation costs, in a way, are a bigger problem. But here, too, coal is in swinging. Besides battling every attempt to raise rail freight rates, coal is groping for new modes of transportation. For one, Pittsburgh Consolidation Coal Co. has a 15-year contract to supply Cleveland Electric Illuminating Co. with coal by a novel pipeline 108 miles from Georgetown, Ohio, to Eastlake (BW—Apr. 30'55, p34). This idea is still experimental, but its target costs are well below rail. And direct mine-to-customer shipments, by pipeline, conveyor belt, or whatever, might easily become practicable as the individual customers become larger.

• **As Needs Rise**—Despite rising costs, oil and gas have certain clear advantages over coal in many fields. But under the boiler of a steam plant all fuels are equal; it's cost that decides.

By 1975, the nation's total energy needs may well be double today's. Meanwhile, oil production will probably have hit its peak early in the 1960s, and gas soon afterward. Beyond that, as fuel needs go on up, oil and gas will presumably pull back into the fields like home heating where they have an inherent advantage and command the highest price. More and more, the

growing giant—electricity—will be left to coal, which has the reserves to supply it.

• **And Then the Atom**—There's one still nebulous specter at coal's hoped-for feast: atomic power. But coal men say the ghostie is a long way off. As they figure, it will take five more years just for the experiments and research that will make firm estimates of costs and economics possible. Meanwhile, power plants will be going up that will burn coal for 30 years. When atomic power does come—as it will—it will come first to those parts of the country that aren't natural markets for coal anyway, because of high transportation costs.

One informed guess—by Philip Sporn, president of American Gas & Electric Service Corp.—is that by 1975 the atom may be producing 7.5% of electric power. Sporn stresses that it's a guess, as do others who set the figure a bit higher, or lower.

By that year, the electric utilities alone will be taking at least 500-million tons of coal a year. If you add steel to that, and some new uses for coal just over the horizon, its easy to see how the enthusiasts arrive at a 1-billion-ton-a-year hope for coal in 1975.

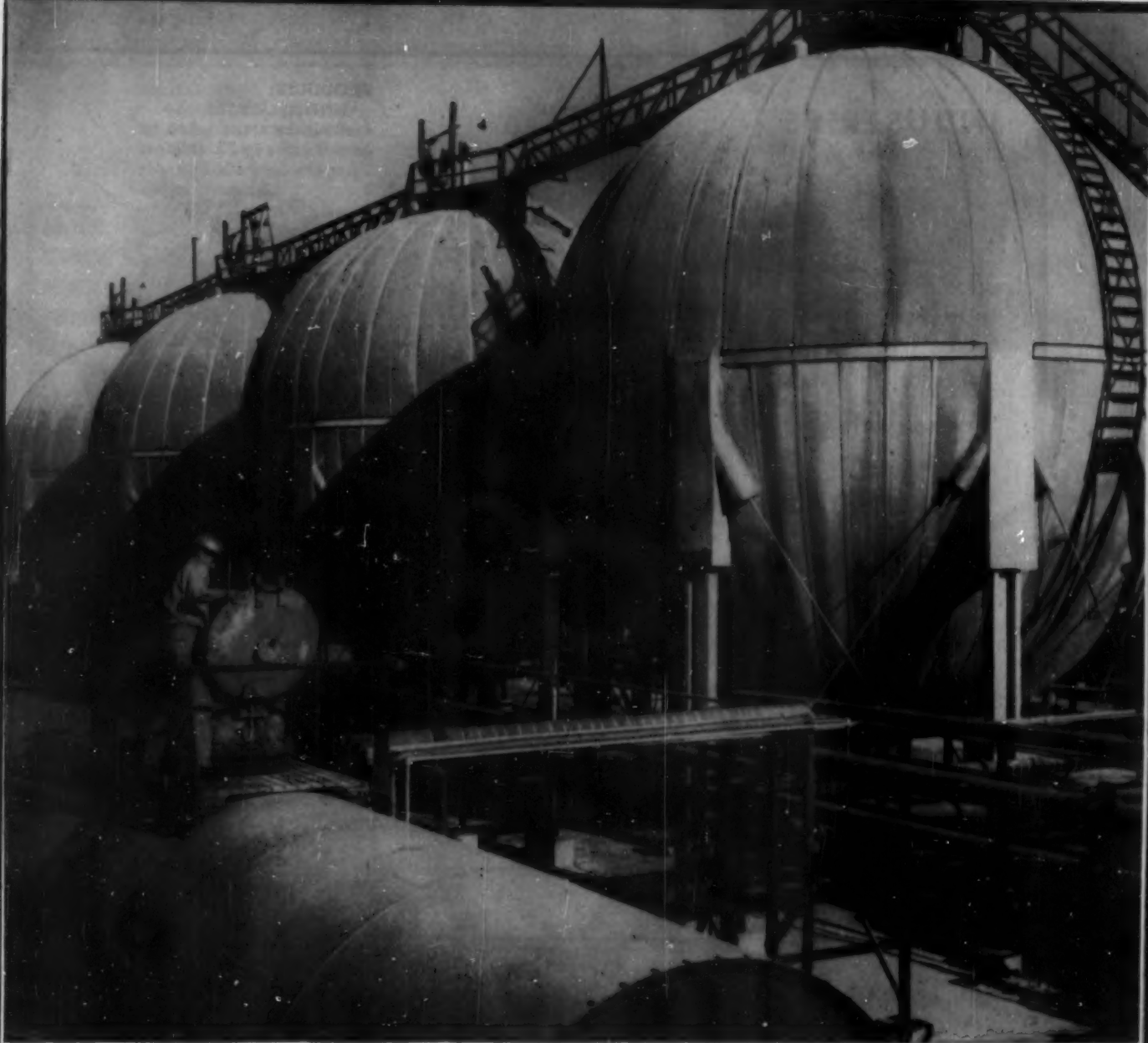
## COMMODITIES BRIEFS

Plywood distributors have followed the lead of the Douglas Fir Plywood Assn.—the producer organization—and set up a \$500,000 promotion fund of their own. Plywood sales are currently running at record levels; good business and new uses for plywood keep boosting the demand.

• **Potato shenanigans**: Commodity Exchange Authority has issued the second formal complaint in its investigation of the potato futures market on the New York Mercantile Exchange (BW—June 18'55, p122). Its latest charge is that Jacob Stern & Co., New York commodity trader, tried to manipulate prices of February and March futures.

• **Coffee prices** are still hazy in the future. A sizable surplus is in the cards for this crop year. Producing countries have formed an International Coffee Bureau and set up a system of export quotas; prices will depend largely on how well the system works.





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plants, give customers the dependability they want. In addition, Mathieson offers practical technical service in ammonia pulping and aqua preparation, as well as assistance in the application and handling of ammonia and other Mathieson basic chemicals.

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## INDUSTRIES

### ATOMIC ENERGY

The conference at Geneva next month will be the starting gun in a race for world markets. Right now, at least three nations loom as major producers of atomic equipment. The map shows the present competitive position of each.



**PRODUCER:**  
**UNITED STATES**  
Preliminary steps taken to  
permit sales to 23 nations.

## Equipment Makers Vie for

From places like Oak Ridge, Tenn., Alexandria, Va., and New York City last week, the tag end of several score crates of atomic paraphernalia was shipped off to Geneva, Switzerland.

The crates—others have been going over for the past month—contained the finishing pieces of official and unofficial U.S. exhibits for the first International Conference on Peaceful Uses of Atomic Energy, at Geneva, Aug. 8-20.

The U.S. displays will include everything from plans and models of numerous atomic devices to a full-scale reactor that actually will demonstrate the fissioning of uranium. Representatives of more than 60 nations are expected to attend the United Nations-sponsored conference.

But the shipping crates carry intangibles, as well as documents and

apparatus. For example, the government sources are confident—and with good reason—that the conference will nail down Pres. Eisenhower's atoms-for-peace program (BW—Jun. 18'55, p.29).

And U.S. scientists, who have a major role in the proceedings, welcome their first opportunity since before World War II to swap notes—but not secrets—with atomic experts of other nations, including some from behind the Iron Curtain.

#### I. Atomic Trade Fair

Though perhaps it is not so generally recognized, U.S. businessmen also have a major stake in the conference. For Geneva almost certainly will open the doors, at least, for international trade in nonmilitary atomic equipment. So

the conference, though it was not planned that way, will assume the proportions of an atomic trade fair.

In December, 1953, Eisenhower made his historic atoms-for-peace speech before the United Nations General Assembly. At the time, hope clearly was all but dead for Russian acceptance of effective international control of nuclear weapons. The offer to share U.S. atomic knowhow and materials with the world won enthusiastic approval everywhere outside the Communist sphere.

Since then, we have implemented the atoms-for-peace policy in several ways. Last November, for example, about 220 lb. of 20% enriched uranium was reserved out of U.S. stocks for fuel for research reactors in friendly countries. Twenty-three countries, so far, have signed up to take advantage of this

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# Atoms-for-Peace Customers

offer. (Just two weeks ago the reserve for foreign research was doubled.)

Talk of a technical conference on peaceful applications of atomic energy buzzed in Washington most of last year. In September, State Secy. Dulles asked the U. N. to sponsor such a meeting. The General Assembly voted to do so in December. It subsequently designated the Palais des Nations, old home of the League of Nations, at Geneva as the site of both the discussions and a scientific exhibit by participating nations.

• **Red Faces**—On the surface, at least, the U.S.S.R. has gone along with the atoms-for-peace plan, though it balked at Eisenhower's proposal for an international body to guide and control world development. But Russia's reluctance has been showing.

Great Britain, the only other nation with a substantial atomic energy program, followed our lead in reserving nuclear fuel for other nations. The Russians would claim only that they would assist their satellites with atomic development.

A few weeks ago—long after agreeing to attend Geneva along with most of their satellites—the Russians tossed what might have been intended as a bomb at the U.N. conference. They invited scientific organizations in most of the free world to attend a conference in Moscow July 1-5. The bomb was a dud. Most of those invited sent regrets.

Regardless, the Russians will attend Geneva in force. They cannot afford not to—atoms-for-peace is that popular with the rest of the world. And the U.S.S.R. will do its best to make a

good showing in the technical discussions and exhibits. It has to, lest the free world begin to doubt previous Russian boasting about nuclear prowess.

## II. Ground Rules

U.N. rules for the conference itself are rigid. Each participating nation will be limited to five official representatives who must be technically competent. The five-man groups may bring along unlimited numbers of advisers to read technical papers and take part in discussions. But political discussions are specifically barred.

The sessions will open with a general study of world power needs and resources. Then the delegates will split up for seminars on virtually every phase of peaceful atomic uses—power, pure



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"... only Britain, the U. S., and—possibly—Russia are ready to build atomic power plants for other nations ..."

ATOMS-FOR-PEACE starts on p. 86

research, medical and biological applications, mining and processing of uranium and thorium, metallurgy.

After the initial stages, these seminars will be staged three at a time for the remainder of the conference. In the 12 days there will be 165 hours of discussions. All the sessions will revolve about technical papers submitted by participating nations. The U.N. has set up a special staff to select the papers to be read or put into the recorded minutes on the basis of technical interest and, to some extent, geographical distribution.

• **On Display**—At least five nations will have exhibits at the Palais—Canada, France, U.S.S.R., United Kingdom, and the U.S. No one knows for sure, of course, what the Russians will show. It will cause no surprise, however, if they come up with a model of the 5,000-kw. atomic power plant they claim to have been operating for more than a year. Russia is reported to be sending a 2,000-kw. atomic reactor to Czechoslovakia for research work in nuclear and neutron physics.

Other exhibits are likely to follow the pattern of that assembled under the direction of the U.S. Atomic Energy Commission—though none may be so elaborate.

• **AEC Spectacular**—The official U.S. exhibit at the Palais promises to be a scientific three-ring circus. The 4,000-sq. ft. exhibit is aimed at giving an over-all picture of our atomic progress in industry, biology, medicine, and agriculture. But it will have some pretty spectacular items.

For one, there will be models of the 10 latest reactors built or scheduled for construction in this country. Detailed plans of three more, hot off the drawing boards, also will be shown.

An even more dramatic display will consist of five full-scale reactor fuel elements of different design. These will contain no fissionable fuel, but their measurements will be exact and the specifications will be shown. The drama in this display lies in the fact that fuel element specifications, up to now, have been only slightly less hush-hush than the hydrogen bomb. In fact, AEC this week still was wrestling with its own security red tape in a frantic effort to remove the secret classification from the rods.

• **Side Show**—Not part of the same layout but in a building near the Palais will be what AEC considers its top exhibit—a full-scale research reactor. This low-power (100-kw.) unit, as-

sembled at AEC's Oak Ridge national laboratory and flown to Switzerland, will be of the so-called swimming pool type. That is, its fissioning core of uranium will be submerged in a tank of heavy water, which will both cool the core and moderate the fission process. (The Swiss government already has arranged to purchase this reactor for \$180,000 after the conference.)

### III. Jockeying for Place

The United Kingdom will occupy more exhibit space at the Palais than any other nation—5,000 sq. ft. (Footage for other exhibitors: U.S., 4,000 sq. ft.; U.S.S.R., 2,000 sq. ft.; France, 1,500 sq. ft.; Canada, 500 sq. ft.) Britain's Atomic Energy Authority, which has assembled this exhibit, reportedly will concentrate on three themes: models and components of British power reactors, devices for use of radioisotopes in medicine and industry, and research equipment used in many fields.

The large display is indicative of Britain's increasing stature in peaceful atomic development. According to some of our own experts, Britain probably is ahead of the U.S. with electricity from the atom.

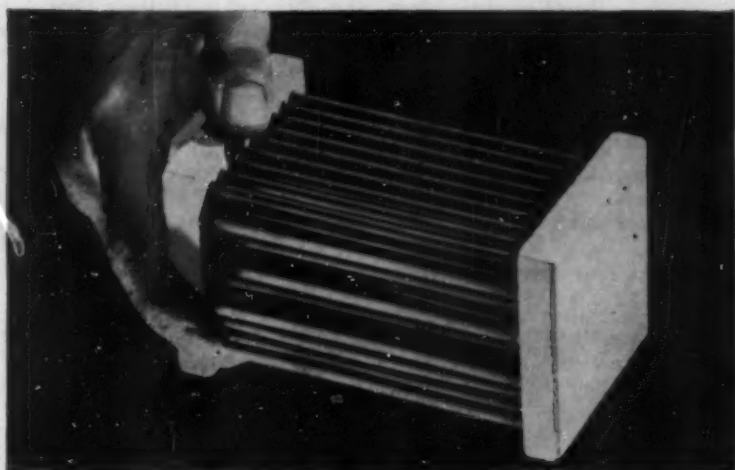
While we have concentrated on water, both light and heavy, and liquid metals as coolants and heat transfer agents for power reactors, the British have far outstripped us in developing gas-cooled plants. Hottest current idea in U.K. atomic power circles is a proposal to deliver gas directly from a reactor to gas turbines, thus averting the need for costly heat exchangers to convert it to steam.

This is the kind of thing our scientists and engineers expect the British to talk about at Geneva.

France is just getting started on atomic power, though already building a series of reactors for research and to produce plutonium. Sweden, Italy, Belgium, the Netherlands, Switzerland, West Germany have started development programs—all are interested in atomic power. Norway is designing a ship-propulsion reactor.

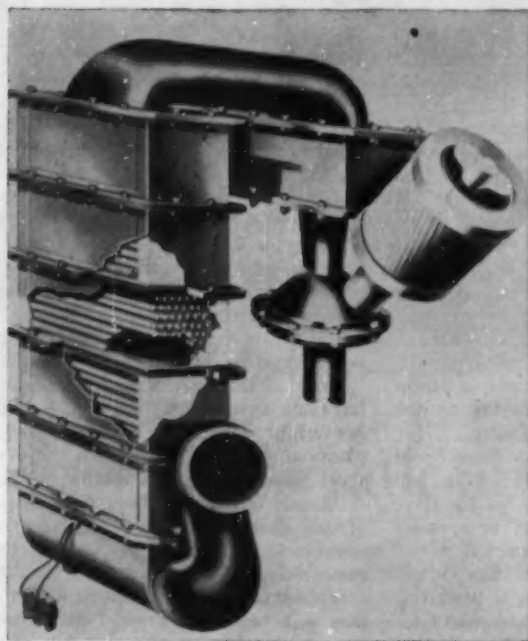
But only Britain, the U.S., and—possibly—the U.S.S.R. are ready to build atomic power plants for other nations.

• **Creeping Commercialism**—The U.N. hopes to hold down any air of commercialism, in the field of atomic power or elsewhere, at the Palais. The theory is the same as that behind the ban on



In typical installations, oxycats are mounted in exhaust stacks of furnaces, drying ovens, incinerators, or any industrial processes where combustible gases are exhausted. Waste gases flow across rods. Combustion occurs at catalytic surfaces. Heat released by this exothermic reaction can be returned to the oven, converted to steam or used in other processes. Catalyst removes practically 100% of pollutants from gas streams.

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Oxy-Catalyst, Inc. of Wayne, Pa., has put ALCOA Alumina to work eliminating air pollution and inefficient combustion, all in one operation.

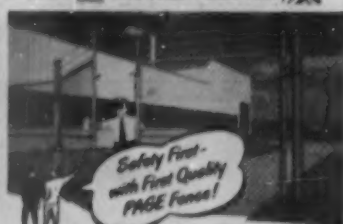
In their new oxycat and OCM exhausts, ALCOA Alumina is part of the porcelain rods and catalytic coating. Used in the porcelain because it is highly inert and chemically stable, ALCOA Alumina does not interfere with the chemical reaction of the catalyst. In the coating, ALCOA® Activated Alumina provides extremely active oxidation maintained over a wide range of temperatures. It is very resistant to poisoning and highly efficient over a long period of time.

ALCOA Aluminas are remarkably versatile wherever they are used . . . with hundreds of applications in catalysis, desiccation, refractories and ceramics. Put ALCOA Aluminas to work for you. Write for samples of alumina to ALUMINUM COMPANY OF AMERICA, CHEMICALS DIVISION, 700-G Alcoa Building, Mellon Square, Pittsburgh 19, Pennsylvania.



# PAGE

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America's First Wire Fence • Since 1893



• Security against the ever-present hazards that can damage or destroy property, or injure persons, is a responsibility to assign to PAGE Fence. Whether you choose heavily galvanized Copper-Bearing Steel, corrosion-resisting Aluminum, or long-lasting Stainless Steel, PAGE Fence is quality controlled from raw metal to rugged fence erected on metal posts deep-set in concrete. Available are 8 basic styles, varied by heights, types of gates, top rails, and barbed wire strands for added security. Finally, your PAGE Fence will be expertly erected by a reliable, technically trained firm. For important fence data and name of nearest PAGE firm, write

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**\$56.50**

Drawers and trays extra

Slightly higher West of Mississippi

politics—nothing should upset the effort to make this a friendly scientific gathering.

With all but a handful of the participating nations bent on buying, begging, or stealing an atomic program for itself, it's hard to see how the U. N. can banish commercialism entirely from the Palais. At any rate, though, salesmen will not be welcomed there.

### IV. Ready for Orders

It will be an entirely different story at the show some three or four miles across Geneva at the exhibition hall of the Swiss Automobile Club. Here, with the distinct approval, though not sponsorship, of the U. N., is being set up an out-and-out atomic trade fair, which will run concurrently with the Palais conference.

At least 30 British companies will show atomic equipment and designs at the exhibition hall. As of early this week, 22 U. S. companies were planning exhibits at the same spot. More certainly would be participating but for a mixup over arrangements (BW—Jun. 11 '55, p. 30). The U. S. S. R. has reserved space. Other likely exhibitors include West Germany, France, the Netherlands, and Switzerland.

• **Hardgoods Show**—A check of a few of the U. S. exhibitors gives an idea of what these displays will be like. It shapes up as strictly a hardgoods show.

Babcock & Wilcox Co. will present dioramas showing three types of reactors it is prepared to market commercially.

Foster Wheeler Corp. will have a unique display of a model of the homogeneous breeder reactor, a power producer, which it is offering to the U. S. electric utility industry.

AMF Atomics Inc., a branch of American Machine & Foundry Co., will show reactor controls, a master slave manipulator, and a model of a swimming pool research reactor.

Westinghouse Electric Corp. will display a number of items it produces, including a sealed pump and motor for handling radioactive liquids, radiation detection instruments, and a model of a pressurized water reactor for power purposes.

The American companies will occupy some 5,000 to 10,000 sq. ft. or more of space. The British have taken 21,000 sq. ft.

The British reportedly are splitting into two groups at the exhibit. One will display radiation instruments and other small equipment. The other, and probably larger, group will concentrate on reactors and reactor equipment, plus related general equipment.

• **The Soft Sell**—Britishers, like U. S. commercial exhibitors, claim that they expect to make no sales at Geneva.

But they will take along their order books, just in case. Among them are expected to be such big outfits as English Electric Co.; Metropolitan-Vickers Electrical Co.; Philips Electrical, Ltd.; Babcock & Wilcox, Ltd., and Associated Electrical Industries.

Whether or not these companies employ the hard sell at Geneva, they are taking a serious look at the world market for atomic apparatus, particularly power equipment. You can tell that by talking with some of their top staffers.

• **World Markets**—British atomic experts already are doing business with Commonwealth nations, such as Australia and Canada, and expect their first atomic power customers there. French technicians have been advising the Brazilian government on nuclear power possibilities.

The U. S. looks for its first atomic customers among the 23 nations, including the United Kingdom, with whom we have made bilateral agreements for exchange of technical data.

But, except for the agreements with Belgium, Canada, and the U. K., none contemplate cooperation in the development of nuclear power. All agreements except that with Switzerland, which covers the sale of our Geneva exhibit reactor, are aimed at construction of research reactors.

The U. S. government will supply nuclear fuels for such machines—and, in some cases, will put up part of the costs. U. S. companies will be permitted to take on construction contracts and supply components for research units in these countries. But they will first have to be licensed by AEC.

Even in the case of the three more favorable agreements, the U. S. will not supply technical data on power plants until one of the three nations starts to build one of a specific design.

Already complaints have been heard abroad that such agreements are too restrictive, that the U. S. has tied too many strings to its offer of aid. Another complaint is that insufficient information is being offered under the agreements, that the U. S. still has data vital to peaceful atomic development locked in its secrecy files.

The British are likely to follow some modified form of the U. S.-type of agreements in their sales to other nations. They, too, wish to keep control of the fissionable materials they export. But they are working toward a lease arrangement under which a customer nation will get a cash credit for returning spent reactor fuels.

Further, the British look ready to lease more materials than the small amounts—about 13.2 lb.—the U. S. is offering for research reactors. It would take 100 tons or more of nuclear fuel to fire a large-scale atomic power plant.





You can't get fooled when you buy Sylvania's money-back fluorescents

## Let's talk about family trees

**THEY ALL LOOK MIGHTY CUTE** when they're first born ... but before long *anybody* can tell that one has turned out to be "just a dog"!

When it comes to buying fluorescent lamps, the problem is considerably tougher. Even an expert can't tell just by *looking* at them which will fizzle and dim out young—and which are the blue-ribbon winners with a long bright future.

Now Sylvania has a plan that ends this guessing game. Listen to this:

**We'll buy back, at the price you paid, any Sylvania fluorescent lamps that do not, in your opinion, outperform any other fluorescent lamps you're using on the basis of uniformity of performance and appearance, maintained brightness, and life.**

You'll notice Sylvania lets *you* be the judge. And this firm money-back offer holds whether you buy ten lamps or ten thousand. It's a good deal. Take us up on it. Call your Sylvania supplier today. And when ordering your Sylvania fluorescents, ask for the special "money-back" certificate.

**We're not guessing either. We know how good Sylvania® fluorescent lamps are. We prove them every day, all day, against other brands—burning them continuously in a year-in, year-out test. And we work constantly on improvements to keep Sylvania fluorescents ahead of the competition. We're taking no chances—and neither are *you*, when you buy from Sylvania.**

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# SYLVANIA

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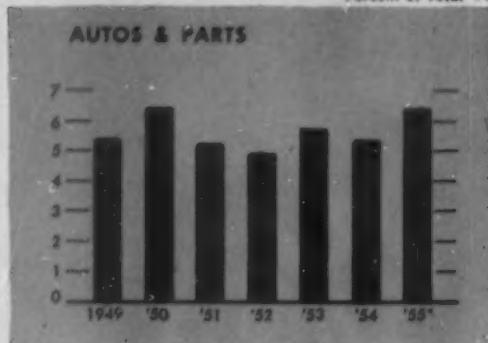


**Your money will be refunded if, in your opinion, they don't outperform the lamps you're now using, as stated above**

## MARKETING

### Apparel Is Having a Sales Upturn, But...

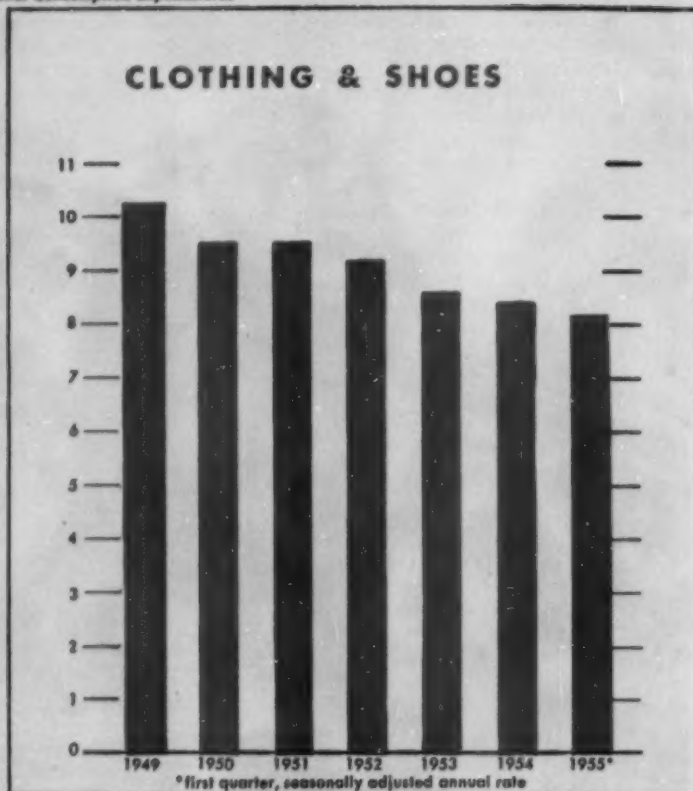
Percent of Total Personal Consumption Expenditures



1... autos are claiming an even larger percentage of the consumer's dollar...



2... furniture's share is rising again...



3... apparel and shoes are getting a still smaller percentage

Data: Dept. of Commerce.

©BUSINESS WEEK

## Can It Regain Its Old Share?

Ever since the war, apparel has been losing steadily in its battle for a share of the consumer's dollar. The postwar emphasis on hardgoods has driven clothing to a position of less and less importance. After the post-Korea buying spree, which pushed consumer spending for apparel and shoes to \$20.1-billion in 1952, even dollar spending in these lines has shrunk.

Right now, there's a new note in the softgoods field. Such outstanding retailers as B. Earl Puckett, chairman of the board of Allied Stores Corp., are talking of a bullish future for apparel and see some return to the historic retailing pattern when department stores no longer trail all retailing. Apparel associations, such as Cloak, Suit, & Skirt Manufacturers, Inc., speak cheerily of "clearly defined prospects that this fall will be more satisfactory than any season in the past several

years." Department Store Economist, a trade publication, forecasts a "brisk fall and a record Christmas." Textile World, a McGraw-Hill publication, reports that textile mills, too, are smiling once again. First and second-quarter sales have picked up in many cases; new orders are coming in.

Yet the charts above show that the old pattern hasn't changed so far in 1955. The big burst of spending is going into cars, home furnishings, and the like. There seems little likelihood, either short or long term, that softgoods will regain their old position in the face of other consumer goods.

### I. Short-Term Outlook

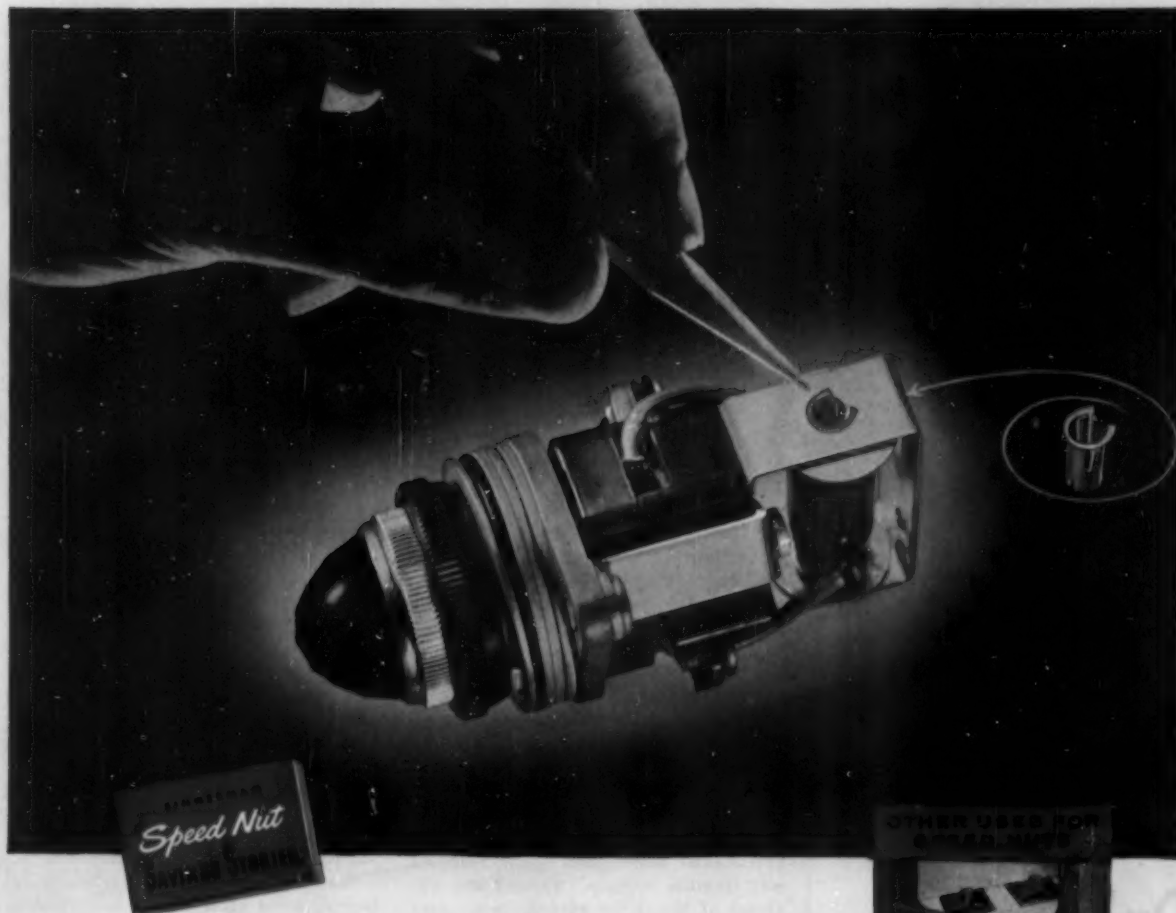
Still, the optimism in the trade is undeniable. What is behind it?

First of all, there is the real increase in dollar sales by department stores

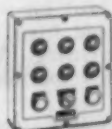
across the country. This has been falling off a bit in recent weeks, but for the first six months (minus the last week of June) department stores were 6% ahead of the same period in 1954. In New York City, specialty stores showed a 4% gain.

If you look at the consumer expenditure figures, there was a dollar gain—if a slight one—in clothing and shoes for the first four months of 1955—\$19.9-billion compared with \$19.8-billion for the same 1954 period (the 1955 figure is an annual rate, seasonally adjusted, based on first-quarter reports). That \$19.9-billion is still short of 1952's \$20.1-billion, but it is at least an upturn. And it is the first year-to-year gain since 1952.

• **Upturn**—The apparel industry, and the nation's big retailers, are pinning their faith to the general uptrend in the economy. "We expect," says one de-



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A wide variety of types and sizes of tubular-type **SPEED CLIPS** are used on everything from toys to autos—on metal, plastic or wood. They snap into punched or molded holes by hand; are self-retained in stud-receiving position. **SPEED CLIPS** are also ideal for blind attachments where only one side of an assembly is accessible.

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partment store economist, "to pretty much keep up with the over-all up-trend, or at least not lag far behind." The better-than-average wage increases this summer should bolster sales. Already, during the first quarter of the year, total national income was running at a record annual rate of \$310.5-billion—against \$298.9-billion during the first quarter of 1954.

The same economist points up this fact: Clothing so far has gained in dollar sales during a period when consumers were going mad over automobiles. Estimated spending for cars in the first 1955 quarter was \$15.5-billion. Furniture and household equipment, too, turned up to set a new dollar record. If clothing could still gain in the face of this unprecedented spending for other goods, it's something to cheer about.

There's a strong presumption that car buying will drop off during the second half of the year. It might drop to the tune of some \$1.5-billion. Housing is beginning to slow up. On two big counts, then, the drain on the consumer's pocketbook will lighten. That could spell more sales for softgoods.

• **Kill Joys**—With all these grounds for rejoicing, some of the experts shake their heads. They point to figures like these: According to Federal Reserve Board reports, it is not the apparel lines that have made the big contributions to department store gains. For the first four months, women's apparel was 3% ahead of the 1954 period; men's and boys' wear was 4% ahead. The big jumps have been in silverware and jewelry, in furniture and bedding (up 11%); in domestic floor coverings (up 14%); in major household appliances (32%); in sporting goods and cameras.

They cast a damper, too, over the expectations of vastly increased softgoods buying as car buying slows down. The consumer is up to his neck in installment buying already. He may put the extra cash that will be coming in into savings or paying off his time purchases.

## II. Long-Term: As Before

For 1955, the prospect for softgoods seems to promise some improvement—but no spectacular boom. Looking further ahead, there is little to indicate that in the next five or 10 years softgoods can recapture its lost position. The downward trend of its share of the whole market may halt, says Perry Meyers, economist. It may stabilize and even recover a little of its lost ground. But it can hardly get back to its prewar position.

True, there are some developments that might benefit the clothing field. Arthur Rosenbaum, of Sears, Roebuck & Co., cited some of these in a recent

speech before the American Marketing Assn. One is the "creeping upward" in the age scale of the multitude of babies born in the 1940s; it costs more to keep teen-agers clothed than it does to outfit moppets. He points out that by 1960, the combined population in the age group 5-to-20 years will form 28% of the entire population, against 25% this year.

Another factor that might profit the nondurable goods fields, he says, is the decline in new family formation resulting as the skimpy depression baby crop reaches marrying age. Demand for housing, appliances, cars, and the like, he notes, is tied more closely to family formation than to population trends themselves. This could mean that consumers will have more to spend on nondurables.

The Twentieth Century Fund also anticipates some slight increase in the share of consumer demand that will be directed to clothing, accessories, and personal care. In 1952, it estimates, this category accounted for 12.5% of total demand for consumer goods; by 1960, this will be up to 13.3%.

• **Too Little**—Even this much gain would still leave this demand trailing far behind 1919's 15.8%; it wouldn't even bring it back to 1940's 13.5%.

The whole trend of the times seems to be working against any spectacular reversal of the pattern set in the post-war years.

An official of International Statistical Bureau sums up what has happened so far this way: "You might say that 80% of the disparity between the performance of hardgoods and softgoods since the war rises from the redistribution of income—which put many consumers into housing, appliance, and car markets for the first time—and from the outburst of installment buying. The other 20% of the disparity you might blame on poor selling."

On the selling side, there is a growing awareness of the need for better merchandising all down the line—from fiber manufacturers to retailers (page 100). But that is a relatively small element in the total picture.

The fact that sticks out is that we are in the midst of a strong current of credit buying. This means that more and more of a consumer's cash is going to be tied up in committed purchases (BW-Mar. 5 '55, p98). Those commitments—for houses, cars, kitchens—show no sign of diminishing. Softgoods may narrow the margin, but it's doubtful that they'll swing the balance in their own favor.

The suburban style of living with its heavy accent on casual dress still is hard at work—though some people in the trade note a tendency to reverse this; women are beginning to yearn for dressier clothes even in sports wear. Yet,



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**Both built by WESTINGHOUSE.  
One has been operating two years.**

Actual production of electricity from atomic energy has been going on in this country for more than two years.

The nation's first two atomic submarine propulsion plants . . . both built by Westinghouse for the Atomic Energy Commission and the Navy . . . have produced more than five million kilowatt hours of electricity.

This would have been enough, if it had been so used, to light New York's Manhattan Island and supply all the other electrical needs of its homes, offices and factories for 10 hours.

The first of these plants is in a land-locked submarine hull in Idaho and went into actual operation on May 31, 1953, producing the first substantial quantities of atom-produced electricity. The second power plant propels the submarine Nautilus.

These atomic engines helped to substantiate the fact that the atom is a practical source of electric power.

Only a fraction of the potential electrical production of these two engines has been used for the generation of electricity.

If all the power of these two plants had been used to drive turbine generators instead of turning propeller shafts, they would have produced about eighteen million additional kilowatt hours of electricity. This amount would supply the homes, offices and factories of Manhattan for thirty-four hours.





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## **WESTINGHOUSE... FIRST IN ATOMIC POWER**

FIRST industry-owned reactor for testing and developing materials and fuels for atomic power plants . . . to be built by Westinghouse at Blairsville, Pa. Announced April, 1955.

FIRST atomic engine to drive submarine; U. S. S. Nautilus went to sea January 17, 1955. Westinghouse now working on atomic engines for two additional submarines.

FIRST atomic reactor for full-scale peacetime electrical generating power plant in the U.S. is now being built by Westinghouse for AEC; reactor to be operated by Duquesne Light Co., Pittsburgh, Pa., which also will build and operate the electric generating portion of the station.

FIRST contract to develop atomic engine for large surface ship . . . awarded to Westinghouse, October 15, 1954.

FIRST privately-financed factory devoted exclusively to building parts for atomic power plants, at Cheswick, Pa. Started operation December, 1953.

FIRST substantial quantities of useful atomic power produced at the National Reactor Testing Station, Idaho, May 31, 1953. Reactor built by Westinghouse for AEC.

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Department Store Economist points out, the steam has gone out of a lot of seasonal buying: the Easter splurge, the between-season suit, for example.

• **Cautious**—Even the optimists seem to recognize the situation. Says one department store executive: "What does it matter if we aren't regaining our former share of the market so long as we are getting ahead?"

Perhaps the best expression of the caution that modifies the optimism cropped up last week when J. Spencer Love, board chairman of Burlington Industries, Inc., told the Senate Antimonopoly Subcommittee that the textile industry should see its way out of the doghouse in the next year or two, and see a return of its once robust economic health—within a decade.

## MARKETING BRIEFS

Aluminum cans for oil is an idea Reynolds Metals Co. is trying to work out with Esso Standard Oil Co. By developing a way to crush and send the aluminum containers back for melting down, Reynolds hopes to bring their cost down even below that of the steel cans used currently. Even at higher prices per can, however, the aluminum containers are 6 lb. lighter per case of oil than steel. Reynolds is distributing its cans to Esso stations in Richmond and Norfolk.

• **"Fair trade"** lost out again as Indiana became the sixth state to rule the local price maintenance law unconstitutional. But Pennsylvania's supreme court upheld its fair trade law in a similar case against a price-cutter.

• **Closed-circuit TV**—in color—is having an effect already on the design of two new office buildings. One is Seagram Park Avenue, the distiller's new skyscraper in New York. The other is Palace of Progress, world's largest office building to be built over the site of New York's Pennsylvania Station. Both buildings will be designed for maximum light and wired with closed television circuits.

• **Kroger supermarket chain** reports first-half 1955 net income down \$1.9-million, largely due to fluctuations in the coffee market.

• **Chesebrough-Pond's, Inc.**, merger, bringing together the maker of Vaseline and the well-known cosmetic firm, has been approved by stockholders of both companies. It's a wedding of famous old-timers—Pond's is 109 years old, Chesebrough, 80.



Aerial View: New Phelps-Dodge Corporation Plant, Nepperhan, N. Y. General Contractor: Walter A. Stanley Construction Co., Inc., Ossining, New York  
Roofing Contractor: New York Roofing Company, New York City.



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built-up roofing costs  
with a sharp pencil . . .**

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At Phelps-Dodge Corporation's new plant in Nepperhan, New York, 4300 squares of Carey built-up roofing guard acres and acres of plant area and productive equipment. 5,500 rolls of Carey Felt and 2,500 tons of Carey Asphalt went into this roof. And something else, too, that's mighty important—nearly a century of

experience in serving the roofing needs of American industry and business.

Whether there's a new building with built-up roofing in your plans, or your present roofing needs "surgery", we can help you. With complete roof specifications for your new buildings or products and services to put present roofs in prime condition. Just ask for the services of a Carey Industrial Sales Engineer. The Philip Carey Mfg. Company, Cincinnati 15, Ohio.

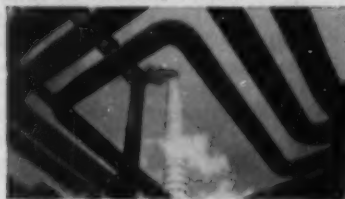
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Carey 85% Magnesia Insulations conserve heat, save fuel, help control processing in thousands of plants. Illustrated: "Worm's eye view" of Carey insulated live and exhaust steam lines in Gulf Oil Corporation refinery service.



Careyduct all-asbestos air duct has light weight, great strength. It is non-corrosive, hushes air noises. Illustrated: Mayo Clinic, Diagnostic Bldg., where Careyduct was specified to ventilate equipment.



Careystone Corrugated asbestos-cement cuts building erection time and costs; provides fire-safety and freedom from maintenance. Illustrated: Cabot Carbon Company plant, Willsboro, N. Y., with Careystone roofing and siding.





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# Ward's Eyes Its Merchandising

New chairman hires consultant to boost stores' efficiency . . . Rayon tire cord makers worried about nylon . . . Men's apparel starts belated promotion.

Montgomery Ward wants to get a look at its retail merchandising operations as an outside expert sees them.

For the second time in 25 years, Ward's has hired the merchandising consultant firm of Amos Parrish & Co. to do a job on its stores. Parrish, which analyzes company selling operations and diagnoses faults and strong points in merchandising methods, will visit "a representative number"—probably 15 or more—of Ward's 568 stores in the next several months. The idea is for Parrish to come up with "specific recommendations to increase efficiency and profitability," particularly for merchandising displays, advertising, promotion, and the like.

When Ward's then chairman, Sewell Avery, hired Parrish for the first time back in 1931, it was to help unscramble the company's indebtedness. This time, new chairman, John A. Barr, picked Parrish, "after looking the field over," particularly in reply to criticisms of the chain's operations leveled by Louis E. Wolfson in his recent fight for control of the company.

The merchandising review is just the beginning of stirrings at Ward's. Barr has also rehired Joseph C. Kracht, a Ward alumnus who headed store operations for Federated Department Stores' Fedway chain. And Wolfson himself—now a director—put Bernice FitzGibbons—ad manager who dreamed up the phrase "Nobody, but nobody, undersells Gimbels"—on the Ward board.

Makers of rayon tire cord are worried about the inroads that nylon is making in their tubeless tire markets.

At first blush it would be hard to see why. Only 4 years ago cotton had just over 40% of the market, rayon had almost 60%. By last year cotton had dropped to less than 2% and rayon tallied 89%. The joker in the deck, however, is nylon, which came from nowhere to nip off almost 10% of the market. And it threatens to keep up the pace of these gains.

A second joker is the fact that the whole tire cord market has gotten much tighter during the same period. Total production was over 54-million lb. in 1951, last year was less than 34-million.

The American Rayon Institute is putting over \$14-million per year into a

new ad and promotion campaign to plug rayon cord as "the greatest safety advance since the four wheel brakes." But there's an interesting sidelight on the rayon-nylon fight. The biggest of ARI's producer members is du Pont, which developed nylon to begin with. So the campaign pitch is pro-rayon, not anti-nylon. Nylon salesmen, on the other hand, are reported telling the trade that rayon will be "dead" in three to five years.

The men's apparel industry is out to do something about its shrinking share of the consumer dollar and its lack of aggressive promotion (page 92).

At an industrywide rally in New York last week, over 1,000 representatives of fibers and clothing manufacturers and retailers took two ambitious steps:

- Formed an all inclusive trade promotion organization, the American Institute of Men's and Boy's Wear.

- Got pledges from some of the biggest names in the business to support a multimillion-dollar national ad and promotion campaign worked out by Batten, Barton, Durstine & Osborn.

Speakers at the rally chided their own industry for sitting by while the share of the consumer's dollar spent on clothes decreased and that spent on consumer durables has risen.

The new AIMBW is calling for \$2-million to \$3-million to start the ad and promotion ball rolling, hopes to get \$5-million by fall. Its new slogan is "Dress Right—You Can't Afford Not To."

The campaign and the new organization are sponsored by the National Assn. of Retail Clothiers & Furnishers. NARCF spokesmen say frankly that their industry just hasn't been spending enough on advertising—only a 3% rise in the budget over the past six years, while national advertising of all products hopped 50% during the same period.

It will be aimed especially at 9-million families BBD&O says represent new-moneyed workers earning \$4,000-\$7,500 per year and who control two-fifths of the nation's disposable income. It will also be beamed at women—on the theory they do a lot of buying for men—white collar workers, and young high-school and college students.



## It Keeps Temperatures...and Tempers...Down!

**T**HE sun glared, horns blared, tempers flared—another Sunday afternoon went up in the smoke and fumes of a traffic jam. But those days are past! Now you can keep your windows closed, shut out the noise, the dirt and the heat, keep cool and collected, thanks to automotive air conditioning and the G.T.M.—Goodyear Technical Man.

The G.T.M. was called in, when a leading manufacturer ran into trouble on the power take-offs for his compressor drives. Under-the-hood temperatures of up to 250° F. plus sudden speed changes from 600 f.p.m. to 7000 f.p.m. in a matter of seconds—proved too much for ordinary V-belts. They quickly scorched or stretched. Their short service caused frequent and costly adjustment.

The G.T.M. specified COMPASS-V-Steel Belts, sinewed with airplane-type steel cables, for these jolting drives. So well do these precision-built belts take heat and shocks in stride that one served for 80,000 miles—another for 70,000 miles. So well pleased was the manufacturer that COMPASS-V-Steel Belts are specified on all his units. How can they please you? For details see the G.T.M., your Goodyear Distributor or write Goodyear, Industrial Products Division, Akron 16, Ohio or Lincoln, Nebraska.

**YOUR GOODYEAR DISTRIBUTOR** can quickly supply you with *Hose, Flat Belts, V-Belts, Packing or Rolls*. Look for him in the yellow pages of your Telephone Directory under "Rubber Products" or "Rubber Goods."

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## Budd Co.,

maker of stainless steel railroad passenger cars and auto bodies, is worried about growth, seeks to add a new line with a livelier future — something stable all year round to offset auto bodies (seasonal) and railroad cars (cyclical). The industry must be one where Budd knowhow can contribute. Here's a picture of six of the 100-plus companies Budd considered.

### Company and Type of Business

### The Facts, as Budd Found Them

<b>Company A</b> Electronics Sales: \$60-million	In a growth industry; headquarters on Pacific Coast; had good production knowhow; sold exclusively to government; run by aging owners who wanted an easy, profitable out; a business requiring pretty specialized management savvy
<b>Company B</b> Home appliances Sales: \$37-million	Moderately good financial record; good product reputation; investigations showed appliance field might be overcrowded; reasonable price tag on company
<b>Company C</b> Industrial pumps Sales: \$94-million	Very high asking price, but "fantastically good" earnings; very limited market but a virtual monopoly on the principal income producers; company coasting on existing "hot" products
<b>Company D</b> Industrial controls Sales: \$2-million	In Philadelphia near Budd headquarters; management wanted to keep operating control; growth industry needing capital which Budd could supply; owners demanded corporate identity be maintained; management considered good and earnings record commendable
<b>Company E</b> Railroad equipment Sales: \$250-million	Already diversifying into electronics and atomics; purchase or merger would have given Budd new customer; acquisition might strengthen Budd's railroad business. (E makes freight cars); company rather large for quick and easy integration; government might have antimonopoly objections
<b>Company F</b> Fibers and plastics Sales: \$19-million	Top management not interested in expansion; moderately good earnings, possibly below potential due to absentee management; good product reputation and good diversification of customers; vocal minority of dissident stockholders

Now, the question is . . .

## ...Which Would You Buy?

### Budd's answer:

Company A	No
Company B	No
Company C	No
Company D	No
Company E	No
Company F	Buy

©BUSINESS WEEK

Company F in the table above is Continental-Diamond Fibre Co. Budd Co. of Philadelphia, a top producer of automobile components and railroad passenger cars, took over most of the properties of the fiber and plastics company the first of this month. The deal was the final result of a two-year search that taught Budd a lot about different ways of achieving the diversification it wanted.

The table gives you the principal pros and cons that led the Budd management to pick Continental-Diamond out of six among the more than 100 companies it liked best. But that was only the final stage in the long process. The beginning goes back to another question: Why does a leading supplier for two of the nation's largest industries feel the urge to diversify?

• **Balance**—The answer is that Budd's management feels it can pick up through the acquisition some fairly

important corporate requirements that just aren't available from its automotive and railroad operations. Chief of these are a new type (to Budd) of growth potential and income stability. When you note how closely Budd is tied to the auto maker's and railroad's apron strings, it's easy to see why the Philadelphia firm felt it had to get into an entirely different field in order to get balanced growth and more stable earnings in any substantial degree.

The company hasn't given up the idea of expanding in the auto and railroad fields—not by a long shot. You can see that in its sales to both industries—\$182-million to the auto makers and \$35-million to the railroads in 1954, with substantial increases certain for this year.

But eventually, you run up against a ceiling in supplying the relatively few passenger railroads and automobile manufacturers. The number of custo-

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automation  
right now!

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PRES. BUDD: "We found many dogs—companies always for sale, never bought."

mers is limited, and thanks to recent mergers in the auto field, it's even shrinking.

• **Stability**—Even more important—and certainly more immediate—is the problem of income fluctuations. Budd's sales of auto bodies, wheels, and components are geared to auto production. That means sales soar from November through May, then taper off.

Railroad car production isn't seasonal, but it is cyclical. It takes fairly serious dips or spurts over extended periods—five to 10 years. That's because railroad passenger cars (the only kind Budd makes) are long-lived, are replaced by the railroads periodically rather than on an annual basis.

Combine the two sets of curves—seasonal and cyclical—and you have enough to give any company management the jitters when it sits down to figure dividend, employment, and production schedules.

## I. The Long Road

With the twin objectives of adding to growth potential and leveling off the dips in earnings, Budd set out about two years ago to acquire a new business.

"At the start," recalls Pres. Edward G. Budd, Jr., "we had no preconceived ideas as to what type of business we should seek. We simply wanted something with good growth potential outside the automotive and railroad fields."

• **Wide Search**—A Budd survey staff brought initial findings to Pres. Budd and two executive vice-presidents of the company, Halton A. Coward and Ernest R. Schmidt. This top management group then took more or less serious looks at over 100 of the companies reported upon.

"We found a great number of com-

panies that are referred to by financial experts as dogs—the kind that are always for sale but never are bought," says Budd. But there also was the occasional well-run business whose chief executive or principal owner was aging and had no successor to take over his interests. And then there were a certain number of otherwise promising firms needing capital for expansion."

The six companies listed in the table on page 103 are among those in which Budd developed more than a passing interest at successive stages of management's deliberations.

• **Size**—The big majority of all companies studied had annual sales ranging from \$2-million to \$35-million. But a few had sales as high as \$250-million (Company E in table). In general, Budd was dubious about the biggest one.

"We decided fairly early in the game that we did not want to take over such a large concern—with attendant large management and financial problems—that we would seriously risk the investment of our present stockholders," Budd explains. "The acquisition to be made simply could not dilute the financing and energies of the Budd Co. in the automotive and railroad fields."

• **Narrowing Down**—Budd's top management team made up a lot of other ground rules as it went along. It decided against making an offer for the West Coast electronics firm (Company A in table), largely because it was ruled that any acquisition should be headquartered near Budd's base in Philadelphia. The Budd family traditionally have been steadfast Philadelphia boosters.

Again, no offer was made for the home appliance concern (Company B) partly because it was a venture in consumer products. With all Budd's previous experience in industrial production, the company felt it would have too little in the way of management and technical savvy to contribute to such a consumer business, itself in a crowded, rough-and-tumble market.

In the case of the highly profitable pump firm (Company C), the major reason for walking away from a deal was that the prospective acquisition had a limited clientele for its products, largely in the petroleum industry. Budd said, in effect, "We're tied down too much already."

The owner of the small automatic controls firm (Company D)—it had annual sales of about \$2-million—called off the deal because he feared his operation—which Budd would have maintained intact—would lose its identity as a branch of a much larger business.

• **Freight Cars**—Budd did not overlook the possibility of purchasing another railroad equipment business (Company

# Arithmetic is our best salesman!

## Faraway places bring sales goals near

Paris . . . Waikiki . . . Bermuda . . . Hollywood—excitement stems from names like these. And sales grow on excitement! The top prize, the glamor prize, the prize that makes men work as they never worked before is air travel to a millionaire's resort. C-M experts arrange every detail, including personalized extras that build your reputation as a host, and luxurious travel on

**PAN AMERICAN WORLD AIRWAYS**



## Sales incentive service is not simple.

Ask what we do, and you'll get dozens of answers. We increase sales, open new accounts, obtain dealer support, retrain salesmen, help executives reach virtually any goal. Ask how we do it, and we could name hundreds of details needed to assure campaign success. Ask about results, however—about dollars of profit and hours of time—and we can give you a few simple facts.

## To get a sales job done . . .

You can do two things: hire, train and travel more men; or persuade the ones you have to work harder. Since people cost more than prizes, the second method—the Cappel, MacDonald incentive plan method—is more economical. It works, too, as these customers testify!

"While I'm not at liberty to divulge any figures," says a famed fruit packer, "I'm happy to report that sales were up considerably over a like period when we had another type of promotion."

"Both we in the office and our store managers and store salespeople are very enthusiastic about this plan," writes a limited price variety store. "We feel that it has done us more good than anything we have ever done."

## Executive time is worth money!

To assure campaign success your staff might spend hundreds of hours planning, arranging for prizes, creating promotion material, following countless details. C-M does this work for you without extra cost; our staff is paid out of normal distributor and travel agency discounts. You are billed only for merchandise at wholesale prices, travel at carrier-resort rates, printing at cost.

## An early start means an early profit!

Today, sales crises hit quickly; speedy remedies are wanted too. And that's where C-M experience counts! Drawing on techniques tested in thousands of successful campaigns, we can get your drive off to a fast start, as well as assure a successful finish. So don't delay. Find out about this time-saving, money-making plan now.

## Send for free facts . . .

If you want to get more work and enthusiasm out of your men, send for "Who's Selling Who," the complete story of successful incentive programs. No obligation, of course. Just write on your letterhead to CAPPEL, MACDONALD AND COMPANY, DEPT. B-7, DAYTON 1, OHIO.



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### Outstanding Motor Repair Shop is Sold On KLIXON Motor Protectors

NEWARK, N. J.: Mr. Leo Amada, Partner of Motor and Compressor Repair Co., is a specialist in repairing all types of motors and hermetic compressors. The shop is set up to open "hermetics", repair the motor, and re-seal the work back in the shell. He says this about Klixon Protectors:

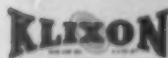
"In my opinion the Klixon Motor Protector is the safest overload protector on the market today. It has prevented many burned out motors which would otherwise have happened."

The KLIXON Protector, illustrated, is built into the motor by the motor manufacturer. In each equipment as refrigerators, oil burners, washing machines, etc., they keep motors working by preventing burnouts. If you would like increased customer preference, reduced service calls and minimized repairs and replacements, it will pay you well to ask for equipment with KLIXON Protectors.



Manual Reset

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Dividend Announcement

## Massachusetts Investors Trust

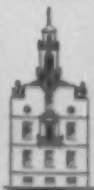
DECLARES ITS

123<sup>rd</sup> Consecutive Dividend

25 cents a share,  
from net income,  
payable July 26 to  
shareholders of record  
June 30,  
1955.

ROBERT W. LADD,  
Secretary

200 Berkeley Street, Boston



WHEN BUSINESS MEN  
WANT BUSINESS NEWS  
THEY TURN  
TO .....



E). An appealing factor here was that the firm in question already had launched into diversification on its own, and according to Budd was "two years ahead of us in atomic energy and electronics, if we were to try to enter those fields."

But the company also was too heavily involved in making freight cars and other phases of railroad equipment production of no interest to Budd. Budd builds only stainless steel passenger cars and some related equipment.

Budd reasoned that freight cars, much simpler to make than fancy passenger cars, would increasingly be made by the railroads themselves. Moreover, Budd's forte—stainless steel—is seldom found in freight rolling stock. Budd was also trying to balance out the five-year buying spree that the railroads had developed, and making freight cars could hardly accomplish that. The firm also looked much too large to be easily digested.

## II. What the Doctor Ordered

Continental-Diamond Fibre, however, measured up to all of Budd's qualifications. Continental had some 4,000 customers, and sold vulcanized fiber, laminated phenolic plastics, bonded mica products, and tapes to a dozen industries, including electronics and chemicals producers. Top Continental management, intent on other financial and manufacturing interests, was ready to get out. A group of about 15 second-echelon executives convinced Ed Budd they could boost sales and production if given their heads.

• **New Setup**—Budd plans to do just that. Top C-D policy decisions, accounting, and finance will be vested in top management of the Budd parent. But responsibility for production, sales, and engineering will be left with the team of Continental veterans, headed by Harry K. Collins as vice-president and general manager of this new Budd division.

Budd figures its biggest immediate management contribution to C-D will be to straighten out a mixed-up merchandising policy. C-D had been holding up big orders from big customers while pushing little job-lots through the plant. Budd's marketing people will re-educate the C-D sales force so that, by closer cooperation with C-D's little customers, their orders can be mass-produced instead of processing them in small job-lots.

• **Pluses**—All the other pluses, from Budd's viewpoint, were there, too. Continental's accounts were in apple-pie order. No Budd stockholder was likely to lose sleep over the size of the acquisition—Continental had sales of about \$19-million last year, compared to Budd's \$245-million. And

Continental sales have been growing steadily, not subject to either seasonal or cyclical curves.

Also, Continental's operational management is located in Newark, Del., conveniently close to Philadelphia, site of Budd's headquarters.

• **Deal**—The price was right, too. Budd put up \$642,500 in cash, gave Continental shareholders Budd common on a 9-for-10 basis—that is, 405,000 shares of Budd stock for the holders of 450,000 Continental shares.

With Budd common selling at nearly \$22, the total value received by Continental stockholders for the properties sold comes to about \$8.8-million. And because of a snag that developed, they had to surrender only 95% of their Continental shares for the Budd stock, retaining the rest as interest in a re-named company that kept certain Continental assets.

This snag—the only serious one in the three months of dickering between officials of the two companies—came as a surprise to both. A group of minority stockholders, who were on the outs with the old management and had been quietly buying up Continental common stock with a view to getting working control, opposed the deal bitterly at the start.

Because their block of stock was sizable enough to be an obstacle, Budd had to deal with them separately. He did so by giving them what they wanted—Continental's New York Stock Exchange listing (but under the new name of Haveg Industries, Inc.), a small Continental plant at Marshallton, Del., and Continental's British subsidiary. Besides that, Haveg got the \$642,500 cash paid to Continental—in effect as working capital.

This left Budd with the Continental name, its three major plants at Newark, Del., Bridgeport, Pa., and Valparaiso, Ind., and subsidiary firms in South Carolina, Canada, and France.

• **More to Come**—Though the Continental acquisition and the long road that led to it took the better part of two years, the experience hasn't dampened Ed Budd's enthusiasm for this type of diversification.

"We have nothing immediate in mind," he says, "but we will continue to look at all opportunities. We'll be doing well if we get Continental merchandising turned around in the direction we want it headed in two years. Meanwhile, we may very well pick up some smaller property."

"We won't look so much for further diversification of customers, though. But we'll continue to be in the market for purchasable new technical ideas."

What Budd means is that he'll buy even a little company, if he has to, to buy a good idea, product, and operational setup.

## MANAGEMENT BRIEFS

Textron American, Inc., plans to buy Western Union Telegraph Co.'s foreign cable system for some \$18-million. The deal, which needs stockholder and regulatory approvals, follows the diversification path recently charted for T-A by its chairman, Royal Little. Western Union is selling to comply with legal requirements that it divest itself of its cable system.

**Diversifying with a vengeance:** Rivaling Textron American's marriage of textile and telegraphy (above), is ACF-Brill Motors Co.'s purchase this week of half of Wrigley's Stores, Inc., Detroit operators of a \$100-million-a-year supermarket chain. Wall Streeters say Allen & Co., N. Y. investment house, which owned Wrigley's and has big Brill holdings, was the prime mover.

**Sun Oil Co.** last week passed out to 8,100 employees some 145,000 shares of common stock marking the end of the company's 25th consecutive employee stock option plan. The stock was worth \$11-million at time of distribution, but cost the employees only \$3.4-million since they started paying for it five years ago. In addition, participants have received \$357,000 in dividends.

**IBM president,** Thomas J. Watson, Jr., this week took over chairmanship of the U.S. Council of the International Chamber of Commerce. His father, Thomas Watson, Sr., headed the chamber some 22 years earlier.

**New presidents:** Henry Garfinkle, 49, veteran magazine distribution executive, succeeds Percy D. O'Connell as president of the \$180-million-a-year American News Co. of New York. O'Connell moves to chairman of the board. Also in New York, James Hill, Jr., turned over the presidency of the \$164-million-a-year Sterling Drug Co. to J. Mark Heibert, executive vice-president. Hill becomes chairman of the board and will continue as chief executive officer.

**The final tabulation** of the voting of Montgomery Ward's stock in the Wolfson-Avery control battle of late April has interesting overtones. The figures show that management (Avery) got 69.3% of the shares voted. Other comparisons: 78% of Ward's individual shareholders went for management, while only 26.5% of the brokers holding Ward stock stuck to Sewell Avery—facts considerably at odds with the educated guesses made at the time of the struggle.

One of a series on the local insurance agent



*"He that  
is his own  
lawyer has  
a fool  
for a  
client"*

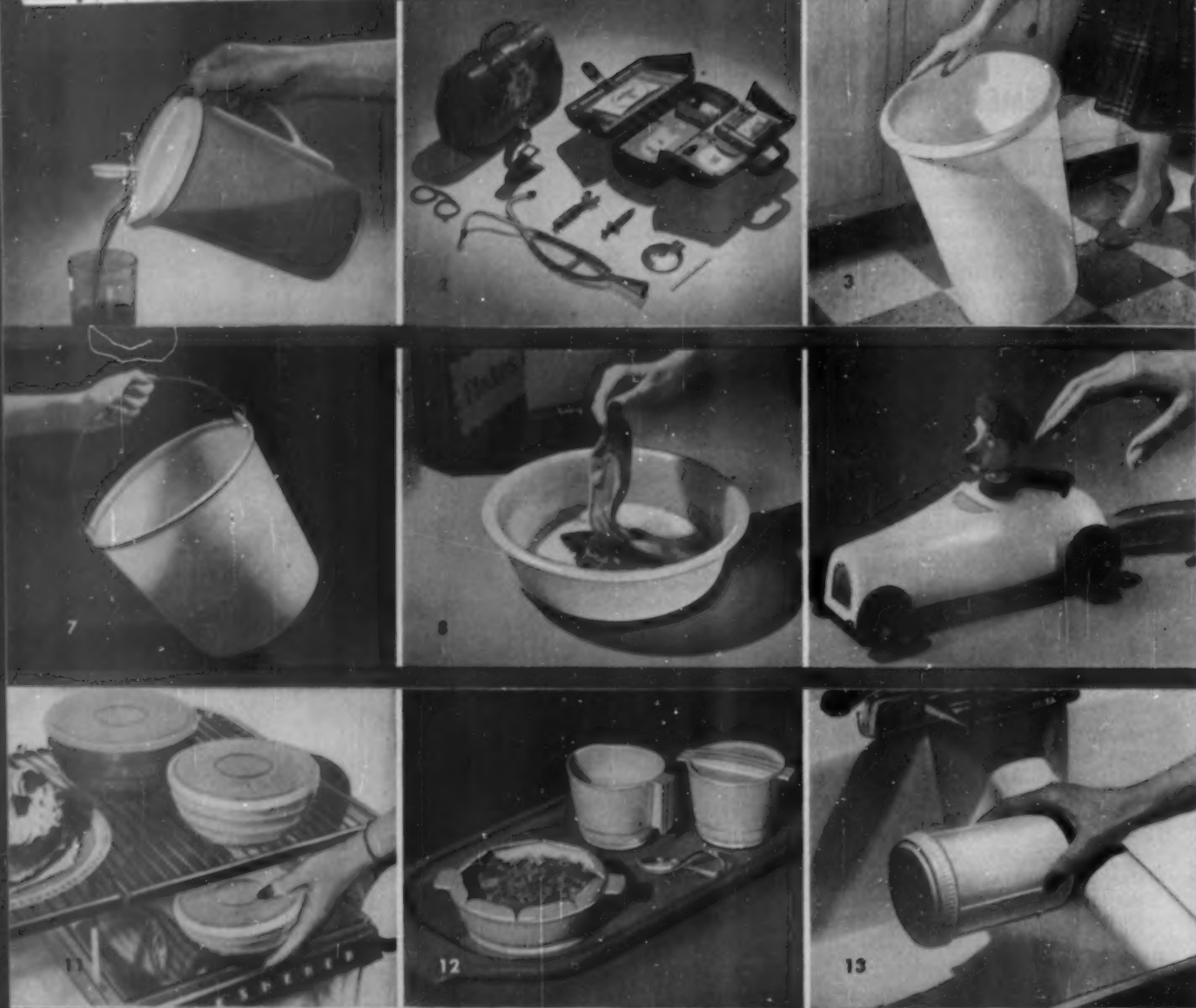


No man would go to court as his own lawyer. Legal procedure is too intricate for the untrained mind. By the same token, you can't trust your own judgment when buying insurance. The sensible way is to see an expert, the local insurance agent. His experience and interest in your welfare qualify him to give you sound advice on your individual insurance problems. Consult your insurance agent or broker as you would your doctor or lawyer... the man you know and trust.

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FIDELITY-SURETY BONDS

\*United States Fidelity & Guaranty Co., Baltimore 3, Md. •  
Fidelity Insurance Co. of Canada, Toronto • Fidelity &  
Guaranty Insurance Underwriters, Inc., Baltimore 3, Md.



1. Juice Pitcher—Fiambeau Plastics Corp., Baraboo, Wis. 2. Doctor and Nurse Play Kits—Transogram Co., Inc., N. Y. 10, N. Y. 3. Wastebasket—Plas-Tex Corp., Los Angeles 64, Calif. 4. Play Dishwashing Set—Kiddie Brush & Toy Co., Jonesville, Mich. 5. Vegetable Crisper and Drain Tray—Rona Plastic Corp., New York 61, N. Y. 6. Dish Pan—Beacon Plastics Corp., Newton Highlands 61, Mass. 7. Pail—Columbus Plastic Products, Inc., Columbus, Ohio. 8. Wash Basin—Alladin Plastics Inc., Los Angeles 45, Calif. 9. Self-Return Toy—Tigrett Industries, Chicago 11, Ill. 10. Toy Train—Processed Plastic Co., Aurora, Ill. Molded by Han-Win Products Co., Aurora, Ill. 11. Bowl Set. 12. Toddler's Cereal Bowl plus Sugar Bowl and Creamer. 13. Cleanser Container—Plastray Corp., Detroit 2, Mich. 14. Drain Tray—Alladin Plastics, Inc., Los Angeles 45, Calif.

## Here are more products

**TENITE** Polyethylene is an improved Polyethylene made in spherical pellet form by Eastman.

Its many desirable properties make it a material to consider for many diverse applications. It is available for injection molding, blowing or continuous extrusion in a wide variety of colors and color concentrates.

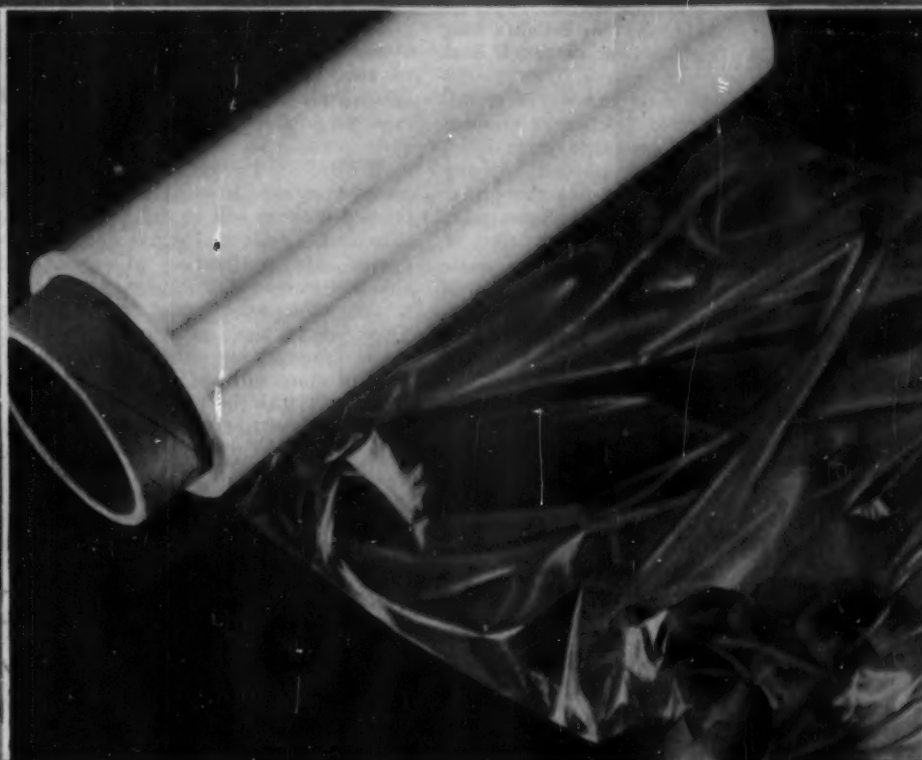
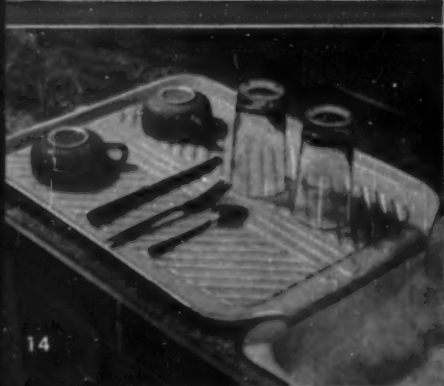
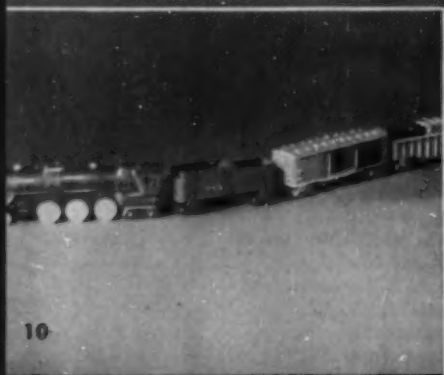
Tenite Polyethylene is light in weight, tough, strong and resilient. Its resilience simplifies mold and core design, permitting undercut parts to be stripped easily from cores. It is both tasteless and odorless.

Chemically inert, it resists the attack of salt water, strong acids and alkalis. It will not support mold growth and is resistant to bacteria and fungi. At room temperatures there is no known solvent for this plastic.

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For more information on Tenite Polyethylene and help





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in adapting the many advantages of this versatile plastic to your product needs, write to EASTMAN CHEMICAL PRODUCTS, INC., a subsidiary of Eastman Kodak Company, KINGSFORT, TENNESSEE.

Information regarding Tenite Polyethylene also can be obtained from local representatives listed under "Plastics—Tenite" in the classified telephone directories of the following cities: Chicago, Cleveland, Dayton, Detroit, Houston, Leominster (Mass.), Los Angeles, New York City, Portland (Ore.), Rochester (N. Y.), St. Louis, San Francisco, Seattle and Toronto—elsewhere throughout the world, from Eastman Kodak Company affiliates and distributors.

**TENITE**  
**POLYETHYLENE**  
*an Eastman plastic*

**POLYETHYLENE APPLICATIONS INCLUDE** packaging film...molded products...wire and cable insulation...pipe and tubing...bottles...paper coatings.

## Britain Cracks Whip at Cartels

Move against "price enforcement" may be entering wedge for antitrust . . . Brazilian Traction gets break . . . Latins buy European . . . Uneasy British labor truce.

The turning point in Britain's long effort to face the issue of cartels is at hand.

Legislation is on the way that will make some trade practices a criminal offense for the first time since 1905, when British courts stopped applying the old common law rule that price-fixing and market-sharing agreements were a "conspiracy in restraint of trade."

Last week, a majority of the Royal Commission on Monopolies and Restrictive Practices recommended that the price agreements that abound in British business must be curbed. The report explored the methods of enforcing resale prices by discrimination, dissecting the exclusive dealings, the boycotts of underselling retailers, the rebates. The commission disclosed that collective price enforcement schemes (going as far as "trade courts" which cut off offenders from all supplies) exist in 290 trade associations, including chemicals, autos, clothing, appliances, even food.

While the majority criticized resale price maintenance in itself, it recommends legal action only against manufacturers imposing collective price conditions with collective enforcement sanctions. It recommends exceptions—strategic industries, or those especially vulnerable to imports, or certain price agreements found not harmful to the public interest.

The recommendations, to be sure, touch only a small exposed corner of the cartel network. But they have set in motion forces of tremendous importance to the future of British business.

The legislative gears may be clanking soon.

Last Sunday, before the Eden cabinet had had time to decide on tactics, Board of Trade Pres. Peter Thorneycroft announced that the government will introduce legislation based on the report. The action would include:

- Compulsory registration of all agreements obliging retailers not to undersell the manufacturer's prescribed price.

- A general prohibition of "certain enforcement practices which the commission has found particularly objectionable."

Thorneycroft jumped the gun—and a sharp tussle lies ahead for the Conservative Party, especially with its business friends and allies. Legislation isn't expected until fall. But with the Labor Party pressing for action (though it is itself divided on pricefixing), any government retreat from Thorneycroft's exposed position will be difficult.

In fact, Londoners believe the first plunge into trustbusting will inevitably lead to more prohibitions, possibly to comprehensive antitrust legislation. They believe that court prosecutions would create strong public opinion in favor of more antitrust.

The fact that the Eden government is prepared to take some action indicates that public opinion has been impressed by the previous 11 reports of the monopolies commission (set up by Labor seven years ago, but with bipartisan support). The reports dealt with specific industries—like electric lamps, dental equipment, cotton printing. Last week's report was the first inquiry into "general restrictive practices" used by the broad spectrum of manufacturers.

As such, the report may go down as one of the important landmarks of British business history.

After years of postwar gloom, the clouds may be clearing for Brazilian Traction Light & Power Co., Canada's largest overseas investment.

Brazilian Traction has suffered in postwar years from the common Latin American foreign public utility malady: an antagonistic government policy.

Last week, news came from Rio de Janeiro that Brazilian Traction had received rate increases for telephones in Sao Paulo and electricity in Rio. These are the first increases not directly tied to wage boosts since 1933.

But what the government gives, it can also take away. The annual stockholders' meeting in Toronto last week heard that the government has upped the cruzeiro-dollar exchange rate at which Brazilian Traction's profits are remitted abroad. It still isn't clear whether these two actions balance off, or whether stockholders will come out the winner.

But Toronto was hoping last weekend that an era of good feeling had set in utility-government relations in Brazil like that which seems under way in Mexico (BW—Jun.11'55,p144).

•  
**Latin Americans are buying more in Europe and Japan—at the expense of U.S. business.**

According to a report of the United Nations' Economic Commission for Latin America, out last week, the trend of buy European instead of U.S. was more pronounced last year than at any time during the postwar period.

U.S. businessmen's share of the 20-nation, \$6.5-billion Latin American market fell to 56.7% during 1954, down from 59.6% in 1953 and 62% in 1950. Europe—including Russia and the satellites, gradually inching their way back as suppliers and customers of the Latins—moved to 36.8% of the market, from 34.2% in 1953 and 33.8% in 1950. Japan sold 3.6% of the market; its share was hardly 1% five years ago.

The reasons for the swing are familiar to U.S. businessmen—lower prices offered by Europeans, more liberal credit terms, the bilateral barter agreements made between Europeans and dollar-short Latin Americans. But the U.N. experts noted that U.S. companies were stepping up their salesmanship south of the border, and that the Export-Import Bank, as well as private financial institutions, "are now paying much more serious attention to foreign credits problems" (BW—Jun,25 '55,p142).

•  
**The six-weeks-long, inter-union British dock strike—which at one point involved some 19,000 men and 170 ships—is over. But the effects will be felt for some time.**

The breakaway dockers' union that caused the strike failed to gain recognition as the negotiating body in the northern British ports, as it had done in London with last year's strike.

Meanwhile, other similar interunion unrest is simmering, involving several huge general unions. Londoners are reflecting that the recent rail and dock strikes were the first since the war to end in defeat of the strikers. Instead of peace, they expect only a period of uneasy armistice.

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Management consultant Bruce Payne has found Latin America hungry for advice. He has built a thriving trade . . .

## Coaching Latin Business

"Latin America is my relaxation. I love it."

That's Bruce Payne (above), management consultant, describing his firm's first four years in Latin America. In that time Bruce Payne & Associates has built its Latin American business to the point where it serves a multinational clientele, busies 25% of Payne's staff, and bids fair to one day become as large as the company's entire U.S. business. And BP&A Inc. is one of the larger U.S. management consultants.

That Payne has found profitable pickings in Latin America must, of course, be due to salesmanship, good service, and the fact that he and his staff have become comfortably simpatico with Latin clients.

Perhaps it's even more important, though, that the time is ripe. Many Latin American companies are reaching a point where higher productivity, more modern industrial management methods are urgent necessities.

A decade of boom obscured problems that were already gnawing away at even the best-run Latin American businesses. Profits came big—and easy. So did capital for expansion, for imported machinery. The pressures of an

ever more demanding labor force, and an awakening market, seemed absorbed by boom.

• **Comes Trouble**—Now that type of boom has ebbed in many countries and South American businessmen face the unfamiliar prospect of belt-tightening. It's all made-to-order for the management consultant. Enter Bruce Payne.

With five U.S. offices (headquarters in suburban Westport, Conn.), and 65 senior staff consultants, Bruce Payne & Associates offers across-the-board services—manufacturing methods, personnel development and labor relations, marketing, and industrial engineering. Bruce Payne, president, owner, and boss, likes to work with companies that are enthusiastic, and well-run to start with ("management consultants have grown because the best companies hired them").

He has tried to transfer the Payne method and philosophy intact to Latin America. There are few broad-gauged native management consultants there, most of them specialize in administrative and financial matters. American firms usually do consulting work only on a one-shot basis in Latin America. Payne, on the other hand, has gone to stay—with on-the-spot organization.

• **Volta Redonda**—Payne's first job was fortunate—a trial six months' contract in 1951 to study job incentives at Brazil's government-owned National Steel Co. (BW-Apr. 12 '52, p189). The big modern mill at Volta Redonda is a showpiece, the apple of the Brazilian eye. The men who run it burn with zeal to make it the "best in the world"; they think nothing of sitting up half the night or through a weekend with Payne and his men to eliminate a bottleneck in materials handling. The workers at Volta and their leaders have reacted much the same way to new ideas and methods. All told, the Payne staff has trained 50 industrial engineers, some 800 supervisors.

"We seem able to get a job done quicker in Latin American plants than at home. It may be," Payne explains, "that there's less industrial tradition in Latin America, fewer preconceived ideas, and more openmindedness."

The job at Volta convinced BP&A that the firm had a future in Latin America. Bruce Payne & Associates International has been set up as Western Hemisphere Trade Corp. (where tax benefits apply to outfits doing 90% or more of their business in Latin America). A Brazilian subsidiary followed with a head office in Sao Paulo, an on-the-spot vice-president-general manager and seven consultants. A Bruce Payne of Mexico, with six men, has been added.

• **Contracts**—Volta Redonda is an operation that attracts attention—contracts made there open doors in Brazil. Payne has been retained by two small private steel operations, one of them Swedish-owned, that wanted to modernize and streamline. BP&A did a general "management audit" for RCA's Brazilian subsidiary—a "well-run company, wanting to do better, facing new problems in the Brazilian economy," explains Payne.

Early in the game Payne, who spends two to three months a year in Latin America, set his cap for one client—the sprawling Matarazzo industries, hundreds of plants, all kinds of businesses with headquarters in Sao Paulo. He got introduced to the right people, found them as enthusiastic as himself. And they had a problem.

Matarazzo had to keep up with growing markets. But Brazil has been through a wringer of chronic inflation, severe exchange shortages. The imported parts and machines needed by Matarazzo textile mills, for example, are hard to come by.

• **But No Capital**—The Matarazzo people handed Payne the job of overhauling the Oficina Mecanica, a kind of big machine shop and maintenance base in Sao Paulo, the nerve center of the whole organization. They wanted him to increase capacity and improve

quality—with no capital investment, just by using better methods.

Payne's men have set to work standardizing parts and blueprints, setting job measurements. They have hired young engineers—to train in Payne methods and leave with Matarazzo.

BP&A insists it has turned down many more jobs than it can handle. One problem, of course, is Payne's own manpower. Another is that the management in question may be—at heart—pretty well satisfied with itself, and top brass not completely convinced the job must be seen through.

Latin American management seeks help when it sees its profits whittled down—from a not unusual 40% yearly—to something an American would consider sensational. An old-line family concern begins to realize it is lagging, but finds growth within its capital limited. Money is expensive in Latin America. Inflation of wage rates, rigidity in work laws, impede hiring and firing. Payne sees the immediate problem as one of increasing capacity with a minimum of new capital, new equipment, new men.

• **In Mexico**—Most of Payne's experience is Brazilian. But he is especially interested in fast-industrializing Mexico, has worked there for La Consolidada, the steel mill, and La Constructora El Aguila, a large construction company.

In Peru, a Payne man is studying executive training for W. R. Grace & Co. In Ecuador, Payne has been helping a merchant trading house. In Nicaragua, the redoubtable Gen. Somoza's private—and profitable—merchant marine is going to get a Payne "audit." At a large sugar center in Puerto Rico, Payne men are in the fields laying out job measurements and incentives. It's the first big Payne job in agriculture—and Payne is excited by the possibilities of applying modern industrial engineering techniques to Latin American agriculture.

• **Advice**—In the U. S., the Payne organization finds businessmen wondering how best they can maintain their stake in the growing, complex Latin American market. More and more firms have found that they must consider manufacturing within the countries. To the U.S. company Latin America-bound, Payne says "know your market first, don't start too big, stay flexible, send your very best men." The opportunities for growth, he concludes, are tremendous.

So are the chances for trouble—compounded of inflation, exchange crises, shortages, transport difficulties. But the management consultant has a virtually crisis-proof business. He can operate in the field of preventive medicine for his clients abroad. And when troubles come, he's sure to find more as the others start looking for help.

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# Industry Gets Dutch Treat in Holland

**Postwar industrialization program has encouraged fast expansion—especially by Americans.**

At the 10-year mark since the war ended, Holland is riding an industrial boom that surprises even the Dutch. A government white paper issued last week calls attention to some of the gains, and the man in the street is continually aware of the pounding of pile-drivers at industrial sites, many of them owned by U.S. companies.

The official report points out why it is vital for Holland to go industrial. The population is rising fast (8.6-million prewar, 10.5-million today). About 50,000 are added to the labor force each year, and the bulge from peak birth rates of 1947 is yet to come. An agricultural economy with a limited supply of tillable land can't support such a population growth, the Dutch realized years ago.

Now, the report states, the Netherlands population is up 22% above prewar level, yet industrial output has risen 77%, per capita output 11%. Of the labor force, 40% is now employed in industry, compared with 32% before the war.

• **U. S. Companies**—A growing number of Dutch subsidiaries of American companies are sharing in the industrial buildup. American-owned factories in Holland still employ less than 10,000 of an industrial work force of 1.7-million, but their activity is just beginning to grow fast.

U. S. companies already in Holland (BW-Dec. 19'53, p130) are expanding everywhere after finding out, sometimes the hard way, how to do business successfully in a new environment. The rate of new arrivals is accelerating, too: One new company came in 1947, and 15 came last year. So far this year, six U. S. companies have opened Dutch operations, and another five are considering a similar move.

• **Advantages**—Holland is poor in resources, having only salt in abundance. The peat bogs were mostly dug out centuries ago; sand and clay have to be taken sparingly, for fear of landslides or flooding. The only coal is deep below ground, expensive to mine. There's some oil and gas, but not enough for the country's present needs. A crowning irony: Holland, endlessly battling the sea and rivers, is short of water—fresh water for farms and industry.

However, Holland has attractions for U. S. companies:

• A stable labor force, willing but not yet so productive as American workers; in some areas away from the

industrial centers, a large labor surplus.

• The lowest production costs in Western Europe.

• A strategic location to all markets of Western Europe, with excellent land and water transportation and a 400-year heritage of knowhow in world commerce.

• **Another Switzerland**—"In these circumstances," says D. Rens, Director of the Institute for Netherlands-American Industrial Cooperation at the Hague, "we must become a second Switzerland. We must make special products that have a market. This is hard for Dutch companies to do. They can make the product, but they don't have the world market. So we want to bring in American companies that do have a world name."

That's why Holland started, soon after the war, making a play for U. S. companies—pointing out advantages, helping to smooth currency, labor, and marketing problems, cutting red tape.

• **Moving In**—Since 1947, American concerns have gone into 23 cooperative ventures with Dutch companies and have set up 49 of their own subsidiaries—twice the number they had at the end of 1953.

The list includes big names: Remington Rand, Inc., which started in 1947 making a German typewriter and later switched to American designs; International Business Machines Corp., whose Amsterdam plant has expanded since 1951 faster than any of its other European plants; Monroe Calculating Machine Co., which has doubled its production each year since 1952; General Tire & Rubber Co., 1952; Hyster Co., now adding 100% to its capacity at Nijmegen; Royal Typewriter Co.; Minneapolis-Honeywell Regulator Co., now doubling its plant capacity in Amsterdam; Borden Co., 1953; Dobeckmum Co., 1954.

Some of them are just getting into production: Watson-Stillman Co. (hydraulic equipment), Rotterdam; Friden Calculating Machine Co., (calculating machines), Wageningen; Pyramid Rubber Co. (baby bottles), Vlaardingen; Jabsco Pump Co. (pumps), The Hague.

Nicholson File Co. of Providence is building a factory in central Holland, and Merck, Sharp & Dohme Co. is planning to build. Dow Chemical Co. has acquired 50 acres in a new harbor development at Rotterdam, to build when dock tanker facilities are ready.

"Their main problem is finding their way, organizationally, in Holland,"

Rens says. "Usually a company starts small and develops as it grows. But when they move here, it's like transplanting a full-grown tree—some of the roots and limbs are bound to be in the wrong places."

Manpower is also a problem. Labor is poorly distributed, with unemployment high in farm areas and employment tight in industrial centers. When industry decides to settle in labor surplus localities, it's often hard to get the kind of people needed, especially managers and secretaries, who like to stay near the big cities.

Markets are another problem. The Dutch discourage U. S. business from going into competition with local producers or from relying on the limited Dutch, or even the Benelux, market. The most successful new businesses make items the Dutch don't make, and sell 80% to 90% outside the country.

• **Subcontracting**—Most U. S. manufacturing in Holland so far has been an assembly operation. Managers have torn their hair over some of their dealings with Dutch subcontractors.

Rens says these difficulties fall into three categories:

• Inaccuracy in following the specifications; too many rejects in the breaking-in period for U. S. industry. Management finds close quality control important in purchasing.

• Deviations in the qualities of the metals used. Steel, for example, is made locally in small batches and isn't held so closely to formula as in the U. S. Buyers are getting around this by buying the material and doing it out to the subcontractors.

• Uncertainty of delivery date. These are boom times for suppliers and production planning sometimes breaks down. Prime contractors must follow up on scheduling.

• **Honeywell's Experience**—"Subcontracting is 60% of our headache," says M. H. Hollema, the Dutch general manager of Honeywell N. V., Minneapolis-Honeywell subsidiary in Amsterdam. "But that doesn't mean the subcontracting setup is all wrong—it just means it needs a followup."

That's why the company, which now buys almost all its components from Dutch suppliers, has a four-man team of technicians working full-time with subcontractors. When it started manufacturing two years ago, all the parts came from the U. S.; now some 400 are bought in Holland, from 15 subcontractors.

As factory space permits, Honeywell expects to build more and more of the components for its thermostats and oil burner controls in Holland.



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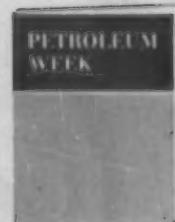
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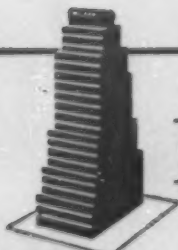
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# INTERNATIONAL OUTLOOK

BUSINESS WEEK

JULY 9, 1955



"Be prepared for anything at Geneva." That's how the West reacted to the unprecedented scene July 4 at the U. S. Embassy in Moscow.

Unexpectedly, the top Soviet brass, including Communist Party boss Khrushchev, Premier Bulganin, and Defense Minister Zhukov showed up to celebrate the birthday of imperialist enemy No. 1.

Then Khrushchev, acting as a spokesman for the Kremlin, made a statement about Geneva—that Russia is going there out of a "sincere" desire for a settlement, not out of weakness. Khrushchev also said, to the surprise of Western listeners, that no decision had been made yet on the composition of the Soviet delegation.

This whole performance raises two questions:

- Will Khrushchev himself be at Geneva? If so, you can conclude that the Russians want to make the summit meeting an occasion for decisions—and not just for diplomatic groundwork.

- Is the Kremlin now aiming at getting an understanding with the U. S.? This might mean that a military agreement with Washington comes first and that Molotov's effort to split Western Europe from the U. S. has gone by the board.

As for Khrushchev's denial of any agricultural crisis in Russia, that is so much nonsense (page 30). But the West cannot expect Russia to make big political concessions because of this weakness—at least not right away.

—•—

The U. S. is getting set to discuss East-West trade at Geneva.

Joseph M. Dodge, head of the Council on Foreign Economic Policy, will have an analysis of this subject ready for Pres. Eisenhower before he leaves for Geneva. Dodge has called on all government departments to give him last-minute trade data by the end of this week.

This doesn't mean that Eisenhower and Secy. of State Dulles will be looking for trade deals at the summit conference. They won't make any trade offers until there are real political concessions from the Soviet side.

Here is what has been happening in East-West trade:

- A general report on East-West trade, just released by the now defunct Foreign Operations Administration, shows that over-all trade between the free world and the Communist world rose by 15% in 1954—to a total of about \$1.7-billion each way. The report suggests, on the basis of the second-half figures, that Communist buying this year may be less than last. But recent and pending Communist purchases of Western food (page 30) point to just the opposite conclusion.

- A special FOA study shows that petroleum products jumped last year to top among Soviet bloc exports. Sales of Russian and Romanian petroleum products reached 4.5-million tons, against 1.7-million tons in 1953. The biggest buyers have been Finland, France, and Argentina. The sales push is still gathering momentum.

—•—

British commercial banks finally are feeling the bite of Chancellor Butler's tough money policy.

The banks have maintained their liquidity for four months by selling some government bonds short. But they are still pinched for money. They

# INTERNATIONAL OUTLOOK (Continued)

BUSINESS WEEK  
JULY 9, 1955

have even made a joint appeal to the public for "understanding." If bank managers have to refuse loans, says the appeal, it is owing to "national policy," not unwillingness to lend.

The British Treasury has flatly denied rumors of a possible devaluation of the pound sterling.

The rumors came after the June 10 meeting of the European Payments Union. Butler insisted then that London must have freedom to vary the sterling exchange rate once the pound became convertible (BW—Jun.18'55, p164).

Butler still favors a flexible pound—held roughly around its present parity with the dollar. But many London experts are shifting away from Butler's ideas on flexibility. They suspect it might lead to uncertainty about the value of the pound—and any uncertainty will damage sterling as an international currency.

—•—

Italy now has a left-of-center government. Premier Antonio Segni is a sort of Italian Mendes-France. He puts agrarian and social reform above everything else.

But that doesn't mean there will be any drift toward a Communist-inspired "popular front" in Italy. Segni is as anti-Communist as his predecessor, Mario Scelba.

In fact, the formation of a Reformist government like Segni's means that the Communist danger has finally passed in Italy.

—•—

It was a vastly different Juan Peron who called for calm, and coexistence with his opponents, this week. Many observers are more convinced now than at any time since the June 16 revolt that the Argentine dictator's wings have been clipped, probably permanently (BW—Jun.25'55,p132).

Indeed, some suspect that Peron's retirement has been postponed to avoid trouble, and that he will eventually withdraw quietly, or openly accept a figurehead position.

The army seems dominant. Its officers are apparently seeing to it that some of the most objectionable Peronist henchmen are ousted. But so far only six of the 40 toplevel administrative posts have been shifted.

The truce in Argentina is an uneasy one. No one knows, for example, what Argentine workers—in the past a pillar of Peronismo—will do.

Peron has asked them to stick close to their benches and homes; and the army, you may be sure, is guarding against a worker rampage. Meanwhile, you hear ominous talk of labor unrest.

The standstill in Buenos Aires may have blocked Standard Oil Co. of California's big investment deal. The Argentine Congress has withheld its approval for several months—and chances of its going through soon are dwindling.

Meanwhile, inflation continues to gnaw at the Argentine economy. Figures on the first five and one half months of 1955 show net reserves off 12%, loans up 7½%, money in circulation up 6% and cost-of-living up 6% to nine times the 1943 level.

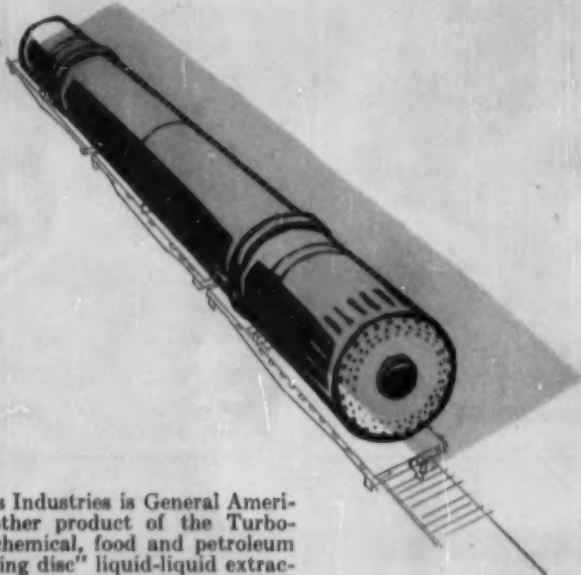
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It Pays To Plan With General American

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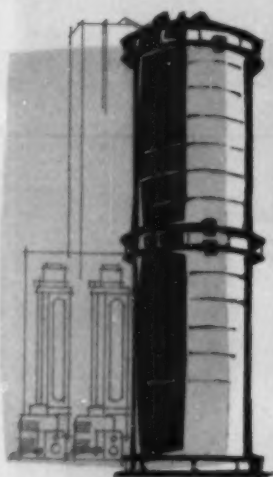
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Newest tool for the Process Industries is General American's RDC Column—another product of the Turbo-Mixer Division. For the chemical, food and petroleum industries, this new "rotating disc" liquid-liquid extractor, offers many applications. For example, two RDC installations are being built to remove phenol from plant waste liquors to prevent stream pollution.

The RDC Column gives high volumetric efficiency and throughput capacity, with simple construction and low operating costs.



## for the process industries from General American

### Divisions Serving the Process Industries

**Louisville Dryers**—Dryers, coolers, dewaterers

**Turbo-Mixer**—Mixing devices, RDC columns

**Plate and Welding**—Floating roofs, conservation structures, gasholders

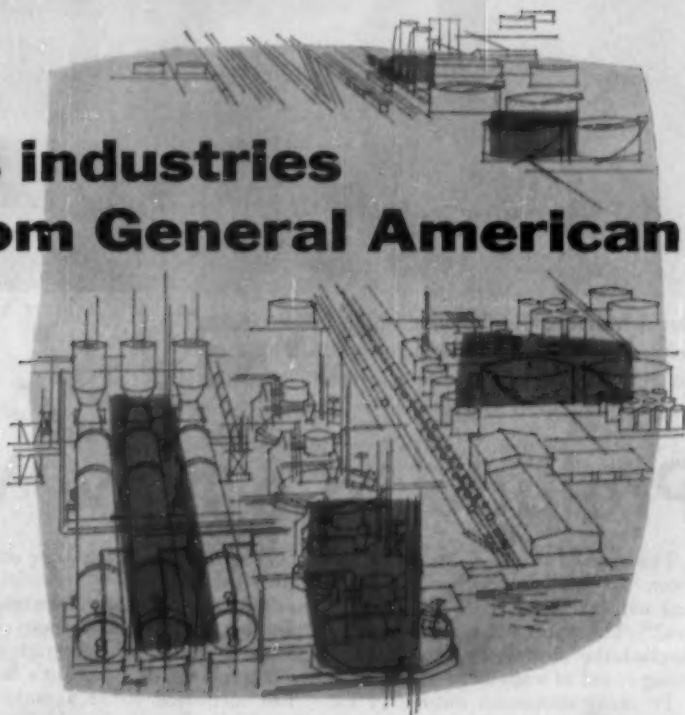
**Custom Fabrication Field Erection Service**—Fabrication and erection of made-to-order welded structures

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## LABOR



David McDonald, CIO steel union head (lagging behind), and Arthur Goldberg, union lawyer (at his right), walk out of U. S. Steel talks. Later they adapted autos' concessions to steel as the . . .

# Prelude to a New Wage Round

The average employer has wanted to know, "What does the Ford and GM deal with the CIO mean to me—right now?" This week, the steel industry supplied the answer: It means a staggering round of wage increases for 1955.

To many companies outside of Detroit, the Ford and GM contracts were vastly interesting, and largely disappointing. By setting up a system of unemployment pay, which the union hailed as a beginning on the guaranteed annual wage, the auto makers appeared to be opening up a new and unexplored

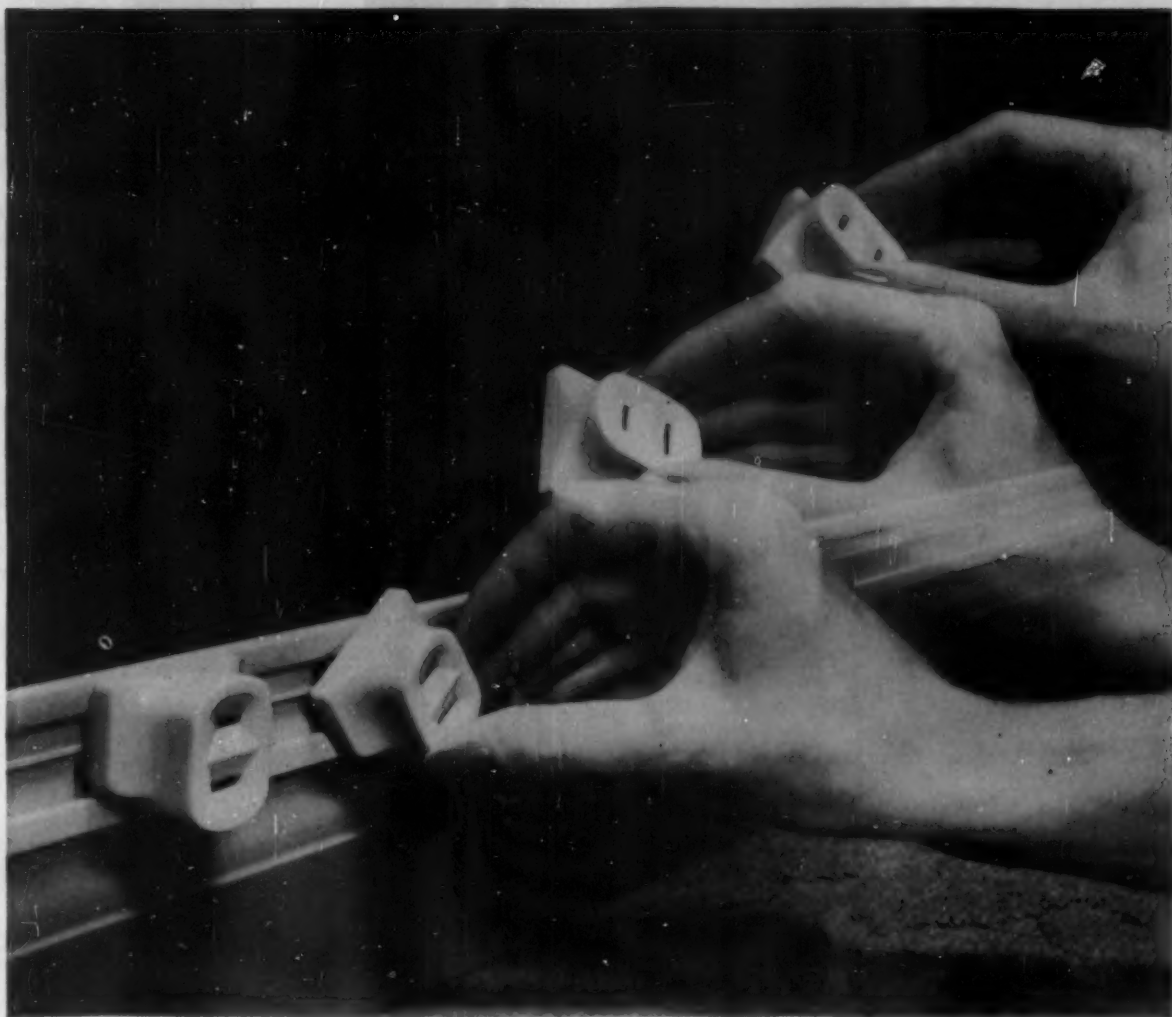
field to collective bargaining and union pressures.

But the immediate importance of the Detroit settlements to most employers did not equal their interest in them. They figured that Detroit's hot house had incubated either a mutation that wouldn't flourish much beyond the motor industry—or, if it was to become a pattern, that it wouldn't really be felt for another year or two.

Thus there was an avid desire to know what the auto makers' concessions would be worth when another big

industry and union translated them into orthodox cents-per-hour wage increases. Steel did it after some ticklish bargaining that was almost completely confined to getting the auto settlement put into money terms. It came out as a pay boost that will be worth between 15¢ and 16¢ an hour to the average employee of U.S. Steel, a shade more or less to workers for other producers, depending on the products of their mills.

• **Grades**—The steel wage increase is divided into two segments, as the companies succeeded in getting the United



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IF IT'S NEW...IF IT'S DIFFERENT...IF IT'S BETTER...IT'S

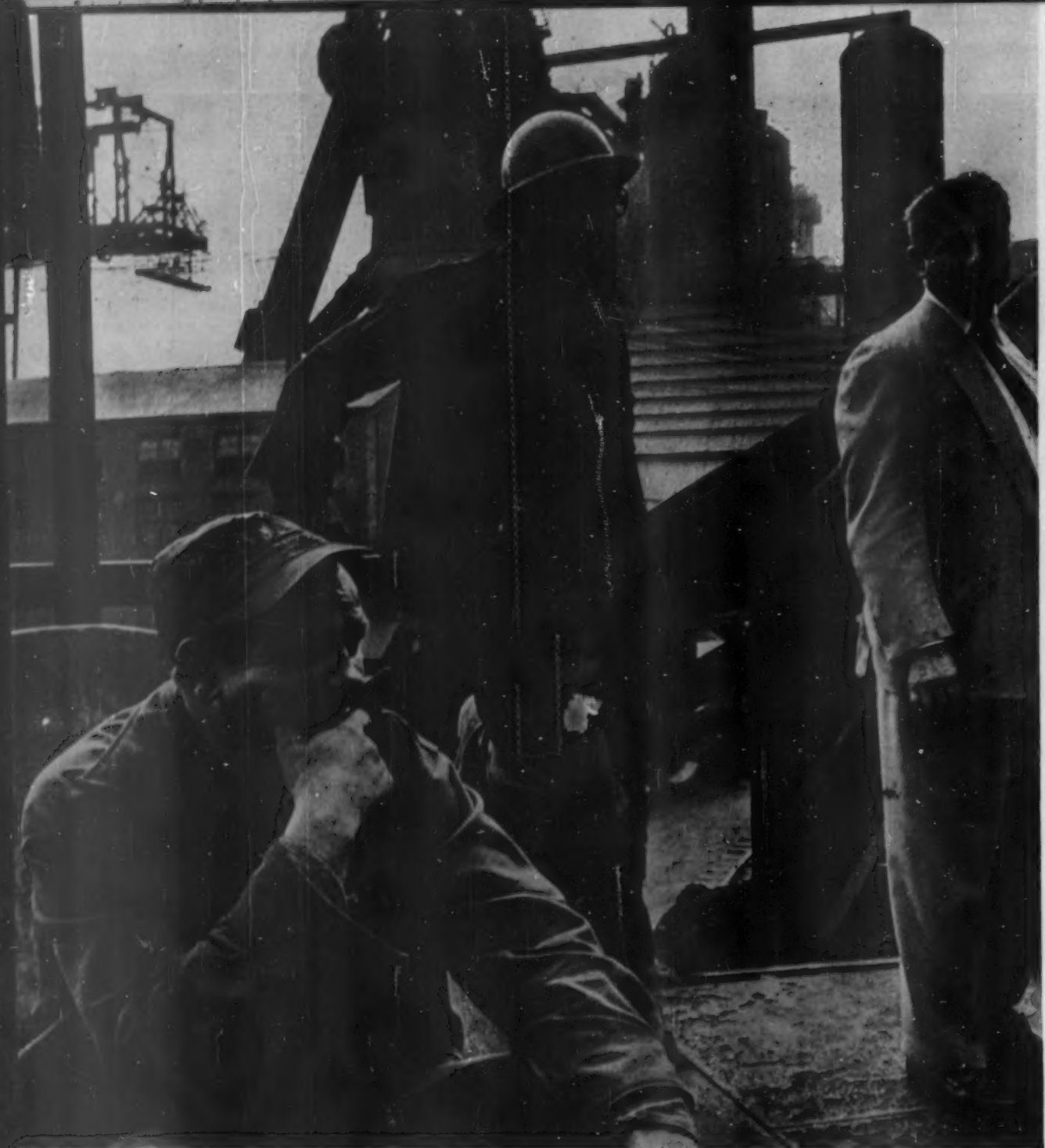
# BULLDOG

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**ELECTRIC PRODUCTS COMPANY**  
A Division of I-T-E Circuit Breaker Company







MILLS closed quietly as steel industry started banking furnaces just before strike deadline, opened again without incident.

Steelworkers of America to recognize the need for widening the differential between the industry's 32 labor grades. Every employee covered by the union contracts gets a base rate boost of 11¢ an hour. Beyond that, the step-up from grade to grade is raised from the established 5¢ to a new 6¢ figure.

What this means is that the employees in Grade 1 get only the 11¢ hike; those in Grade 2 get 11¢ plus 4¢

for a total of 15¢; those in Grade 3 get 11¢ plus 1¢ for an aggregate of 12¢; and so on up to Grade 32, which gets the 11¢ plus 15¢ to net an hourly raise of 27¢.

As U. S. Steel calculates the cost of the differential increment—basing it on the nature of its production, which determines distribution of skills in its workforce—it will average out at the 3¢ going to Grade 8. Hence its estimate of an

over-all wage increase of 15¢, effective until the contract expires in June, 1956.

For Bethlehem and Republic, the average wage increase should be just about the same as for the corporation. For companies like National Steel, which make a narrower line, and employ more skilled labor, the average increase will come higher.

• **Intensive**—It took some very intensive bargaining and a rather strange



# CORNING GLASS BULLETIN

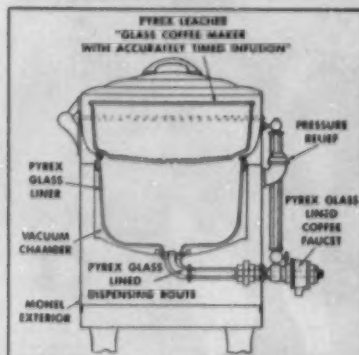
FOR PEOPLE WHO MAKE THINGS

## "Urning" power

Coffee time these days is almost anytime.

And behind many a steaming cup there lies glass—a PYREX brand glass.

Take those big urns that gleam and glisten at your favorite snack shop. Outside, shining monel metal. But, on the inside, where the piping hot coffee is in the making, you'll find glass. As in this cross section of a coffee maker.



Glass liners of this type are made from that unusually versatile glass called PYREX brand No. 7740. And, for good reason.

This is a *balanced* glass. It has remarkable ability to take continuous heat, and still not crack when temperatures drop. It's mechanically strong, too, stands up under lots of physical abuse.

The clincher—glass neither *adds* to nor *detracts* from the taste. This glass will not contaminate by taking from or adding to what you make in it (or pipe through it)—coffee, milk, tomato juice, or something with even more zing, like fermented juice from plump grapes.

And any PYREX brand glass that handles foods and such is quickly and effectively cleaned with a minimum of effort.

Which suggests that the "urning" power of glass in some form might well be working for you.

As a start, take a look at "Properties of Selected Commercial Glasses"—Bulletin B-83; and/or Bulletin IZ-1, "Glass—its increasing importance in product design." Free.

## Getting the mostest with the leastest

Taking to heart, with minor modifications, the advice about getting there "fastest with the mostest," we present Pattern No. 70 Low-Brightness Lens Panels.

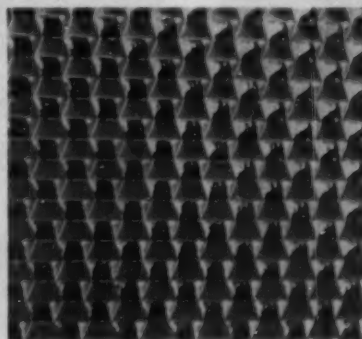
Said panels get there "mostest with the leastest"—most useful light, least glare.

Key to this light that's bright but not glaring is "a uniform configuration of six-sided glass pyramids"—otherwise known as prisms.

Prisms in light control are not new. But mass-produced, large panels, with prisms *built-in* represent quite an achievement in technology.

This we call to your attention not because you may have a problem of adequate lighting. We cite it, rather, as another indication of what lies behind the motto: "Corning means research in Glass."

Research activities have led us up a number of unusual glass paths. Case in point—glass that laughs at heat, that stands up to high temperatures (1200°C.) and chemical attack in the manner usually expected only of fused silica.



Other cases in point—glass that's optically perfect but capable of withstanding wind moving in closed wind tunnels at twice the speed of sound; glass that directs infrared and ultraviolet rays at will; glass that handles metal-eating acids with ease.

Among our 50,000-odd formulas for glass, there may be *one* with just the right balance of optical, thermal, chemical, mechanical and electrical properties, to solve one of your materials problems.

"Glass and You," a beautiful and informative booklet (if we do say so), will bring you up to date on how hundreds of our friends and customers are getting the

"mostest" profits with the "leastest" trouble by making use of special glass researched into being by Corning. Write us for a copy—or check the coupon.

## Reflections on some interesting bores

If the decision for precision falls to your lot, these bores may interest you.

These particular bores are the holes in thermometer tubing, a product we turn out by the mile. Practically invisible to the naked eye, these fine holes run to about 1/4th the diameter of a human hair.



Yet, they are held to such exceptionally fine inside tolerances as  $\pm .0003''$ .

As you might imagine, mercury pushed into such a small space is hard to see. So, around the bore we build some ingenious white reflectors of white glass. Then, when we form the tubing, we build a lens into it.

Thus, with the help of a white background and magnifying lens, those who must can readily and accurately tell how *hot* hot is and *cold* cold is.

The picture shows a cross section of one type of thermometer tubing. The largest piece in the picture, some 80 times normal size, shows you something of the intricate internal construction of thermometer tubing.

Without modesty we pinpoint this precision in glass to show you what can be done. Tubing, thermometer or just plain tubing, comes in many sizes and types. Write if you'd like to know more about it.



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A triumphant Pres. McDonald announces union's 15¢ settlement to the waiting press.



For John A. Stephens, U. S. Steel's top negotiator, it was triumph for collective bargaining.



10-hour strike to hammer out the steel settlement. More so than at any time in the past, it was a two-man performance with David McDonald for the union and John A. Stephens for U. S. Steel (pictures) doing the hard negotiating. The strike was largely a preventive operation by the companies: getting the furnaces cooled in an orderly way before the strike deadline came. It cost the industry an estimated \$20-million to avoid what might have been a helter-skelter shutdown.

When it was all over, two things stood out: (1) The parties had worked their own way to agreement with Washington staying strictly out; and (2) unlike the auto workers, steel workers went quickly and cheerfully back to work without any wildcat defiance of their leaders. This suggested that they liked the results better than their brethren in Detroit.



TORRINGTON HEAVY DUTY NEEDLE BEARINGS are used in a wide variety of machinery, including cranes, oil field equipment, hydraulic pumps, air compressors and machine tools.



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*are designed and manufactured to give added strength—for long economical service*

Even a casual look at the TORRINGTON HEAVY DUTY NEEDLE BEARING suggests strength—the one-piece channel construction, the sturdy roller ends and integral side flanges.

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## In Coal, Pressure for a Hike

After two years of no demands, Lewis is expected to seek either higher wages or a reduction of the hours worked per day.

When wage increases were negotiated in 1953 and 1954, John L. Lewis passed. There were two big reasons. Lewis had done all right for the United Mine Workers in 1952 bargaining, when he won a \$1.90-a-day raise to \$18.25 for in-the-pit workers. And in 1953 and 1954, the coal industry wasn't in financial shape to pay more.

• **Upswing**—There is still some question whether the industry can afford increased labor costs, although bituminous production has picked up in recent months (page 81). But under the circumstances, operators have been watching for a move by Lewis.

There are indications that it won't be long coming. Lewis has reportedly told close friends in the industry that he cannot waive bargaining again.

The question now is: What will Lewis demand if, as expected, he reopens coal contracts? There is a lot of speculation about that in the industry. It generally follows one of two divergent lines:

• Lewis will ask for a 15¢ raise, the cash average in the steel industry (page 122), or perhaps the 20¢ "package" settlement figure reached in auto negotiations. In the bituminous industry, this would mean a demand for from \$1.20 to \$1.60 per day, since miners are paid on a daily rather than an hourly basis.

• Instead of a pay hike, Lewis might ask for a reduction in the hours of work under UMW contract. His intent, according to industry thinking, may be to win more days of \$18.25 pay for miners.

Since Lewis won't, of course, tip his hand on what he will ask—or even admit that he will reopen contracts—it's anybody's guess which demand is really ahead for coal operators. But in the industry, there is recurring talk of "gimmick" bargaining this year, involving higher labor costs but not a wage increase. The consensus seems to anticipate a shorter-day demand.

• **Reasoning**—Miners in the bituminous industry now spend eight hours in the pit each work day, including an average one hour travel or portal-to-portal time and a paid half-hour lunch period. This means they work about 6½ hours a day at the coal face.

Figured on the total time spent in the mines, Lewis' coal diggers get \$2.28 an hour. For actual work time, they draw about \$2.80. Both figures compare favorably with steel and auto wage

averages, so Lewis is under no real pressure to increase wage levels. The pressure is more for a new dramatic bid for concessions to produce pay for more miners, in view of today's high level of unemployment in coal fields.

Industry observers see a demand for as much as an hour's cut in the work day—to reduce production time to about 5½ hours—as Lewis' move to spread available employment over more miners than now. They believe they know in advance what his key argument will be: The productivity of coal miners is rising steadily, and since the last contract was signed has climbed from about eight tons a day per miner to about 10 tons a day. Reducing the work day, at the face, by one hour would lower production close to the average level that existed in 1952.

Roughly, it would take as many as 18% more miners to produce the same tonnage with a work day shortened by one hour, or would give employed miners another work day each week.

• **Opposition**—Given their choice, in serious bargaining, major operators would probably prefer settling for even a \$1.60-a-day raise (the equivalent of the auto 20¢-an-hour "package") to giving in on a demand for a shorter day. Total costs would be much less.

However, even a \$1-a-day figure, about the minimum being mentioned as a possible coal settlement, has its sharp critics. Many operators contend that even a 20% increase in coal output this year would not be enough by itself to warrant a pay hike—and nobody really expects that much of a gain.

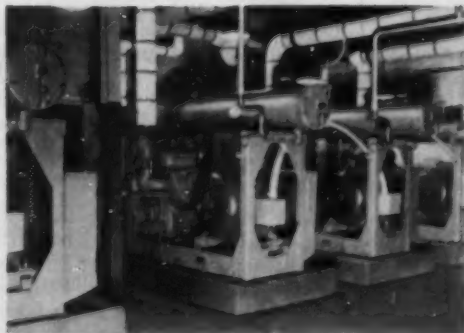
To many in the coal industry, the size of the steel price rise came as a gloomy tipoff that coal labor cost increases must be expected. They figure it this way: Ordinarily, a 1¢ increase in labor costs brings a 40¢ price boost in steel, so the United Steelworkers (CIO) average 15¢ raise would have lifted the price of a ton of steel \$6. However, the steel price rose \$7.50. In many parts of the coal industry, the extra \$1.50 is considered to be a reserve against further increases in "captive" mine labor costs when UMW signs a new contract.

• **Informal Chats**—Speculation about steel expecting a coal settlement is substantially supported by reports that Lewis has already met informally with Benjamin F. Fairless, who presumably can still speak for the "captive" mine operations of U.S. Steel although he



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## New litho plant puts the weather to work!



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has stepped down from the chairmanship of that corporation. Lewis and Fairless are old friends, as well as bargaining adversaries. They lunch from time to time, even when they have no business to discuss.

The same thing is true of Lewis and two other important coal men with whom he has met in recent weeks, Harry Moses, spokesman for the Bituminous Coal Operators' Assn., and George Love of Pittsburgh Consolidation Coal Co. Lewis talked with them in friendly general terms about the industry and its problems—but not, the parties say, about contract changes.

Those who have observed Lewis' strategy through the years say the conversations should be considered a part of Lewis' bargaining plan, even though such things as wages and hours weren't brought up. Lewis frequently works by indirection. His carefully-thought-out "casual" talk can be significant.

• **Whose Ox?**—Just how smooth bargaining will be, when it comes, may depend on which part of the bituminous industry is doing the bargaining. Large northern operators are expected to give in with a minimum of fuss on a "moderate" demand for a raise—although they will resist a shorter-day demand. Medium and small northern operators will grumble about it, but will accept the same terms.

Southern operators, on the other hand, are sure to take a strong position against any increase in labor costs this year. If UMW insists on one, they have already warned that they will shut down or operate nonunion.

## LABOR BRIEFS

Organizing in retail stores will be stepped up if plans of the Retail Clerks International Assn. (AFL) and CIO's Retail, Wholesale & Department Store Union materialize. RWDSU has set a goal of 15,000 new members a year for three years.

A long strike ended last week when AFL bus drivers employed by Atlantic Greyhound voted to accept a new two-year contract providing daily pay raises of \$2.50 or more, plus other benefits. Drivers in 10 states struck for 24 months.

Contract concessions by AFL bus drivers have enabled the Springfield (Mass.) Street Railway Co. to stay in business. Last March, the company threatened to close down June 30 because a retroactive wage award by an arbitration board would cost a "prohibitive" \$100,000 and boost its annual labor cost by \$150,000 (BW—Mar. 26 '55, p. 60).



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Caustic soda is used by the Douglas fir plywood industry to make these amazing resins. A good share of this caustic soda comes from Hooker's Tacoma, Washington plant, near the heart of the Douglas fir country.

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tries that help you live better. Almost every major industry in the country uses at least one of nearly 100 chemicals we make from common salt.

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# The TAX-EXEMPT Bond Market at Mid-Year 1955

WHAT OPPORTUNITIES may investors expect in today's market for state, municipal and other tax-exempt bonds? What developments are affecting it? What about supply and demand, prices, trends, outlook?

These and other factors bearing on the market are discussed and timely information is presented in our new 1955 Mid-Year Survey of the Tax-Exempt Bond Market, which is available to you without cost or obligation. You will find it helpful in appraising the tax-exempt yield, safety and other qualities of these bonds in relation to your own investment requirements.

Send for Mid-Year Survey and accompanying tax chart which shows the income required from taxable securities to equal the yield from tax-exempt bonds.

Ask for folder BJ-7

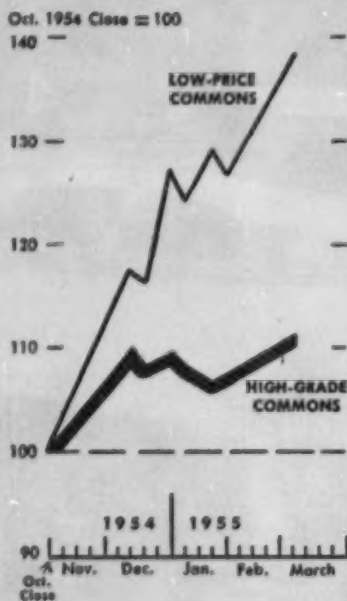
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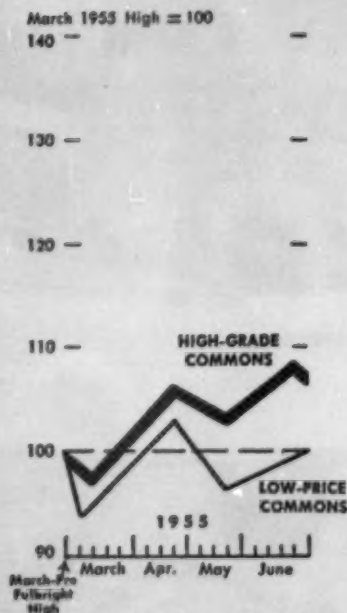
## THE MARKETS

### Since the Fulbright Hearings...

... Yesterday's worrisome speculative market ...



... Has become a more sedate affair



Data: Standard & Poor's Corp. Weekly Stock Price Indexes.

©BUSINESS WEEK

## Fliers in the Blue Chips

Stock speculation of the craps shooter type has lost a lot of appeal since the Fulbright hearings last March prompted a lot of public thinking about whether or not the boom was getting out of hand.

You can see it in the before-and-after charts above, showing Standard & Poor's weekly index of high-grade and low-price commons. Interest in the speculative shares has fallen off sharply since late last winter; price rewards have been far greater in the blue-chip and near-blue-chip issues.

That doesn't mean that speculation has been dead. Indeed, lots of traders are still looking for "quick appreciation," but they're finding the most promising openings in the investment type shares at which normally they rarely aim. Thus half the stocks in the Dow-Jones industrial index (on the whole a high-grade collection) have rung up juicy gains ranging from 10% to 42% in the six weeks of the current summer rally.

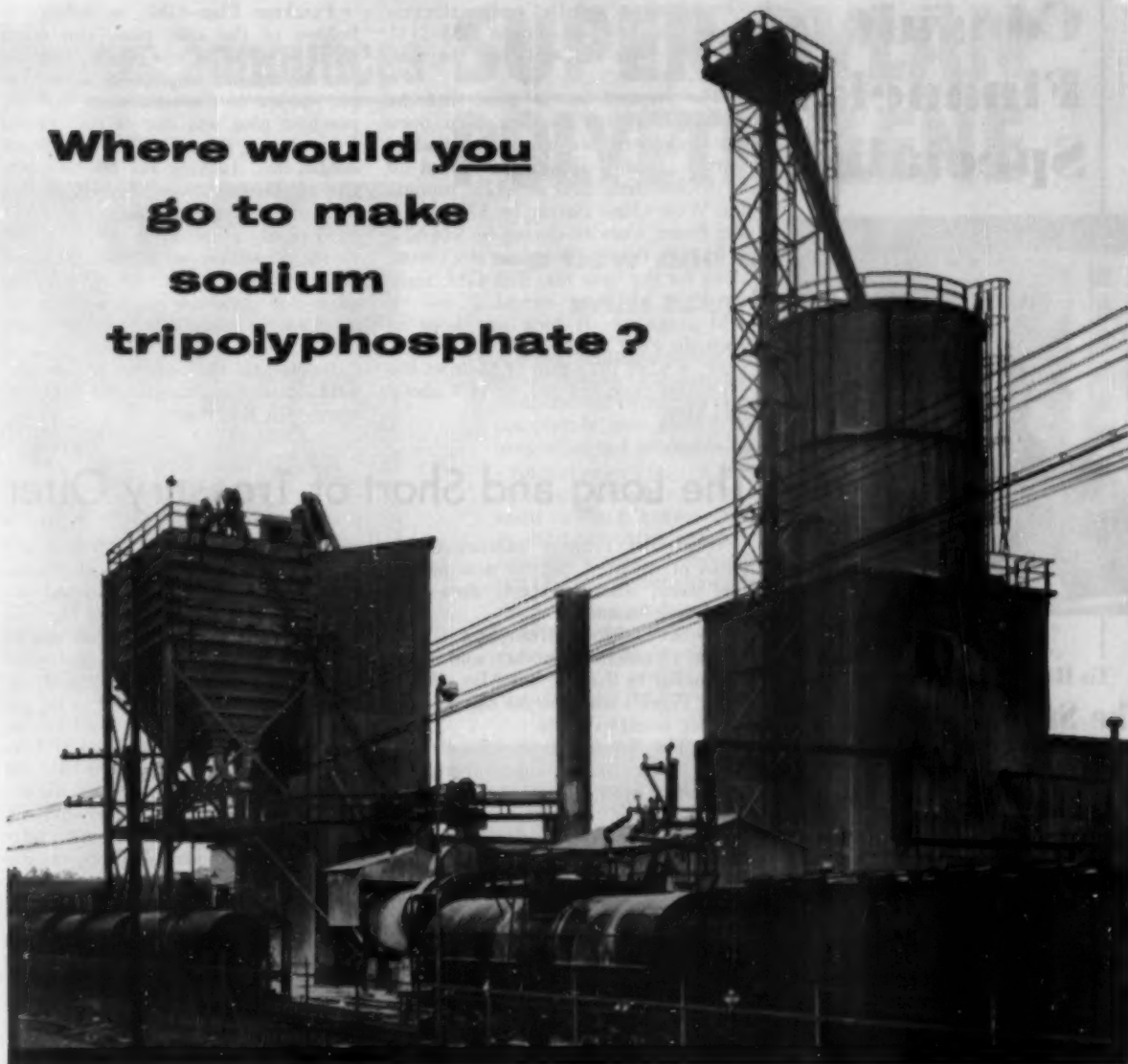
Consider the speculative saga of General Motors, the bluest of the auto blue chips. It started this week when Wall Street rumors came true that GM would split its stock (BW-Jul. 2, '55, p89). Tuesday, after the Big Board had closed, GM announced that on Sept. 25 it would ask its stockholders to approve a 3-for-1 split. If the answer is yes, the new shares will be issued early in October.

The news broke too late to have any instant effect on trading floors east of the Mississippi. But the Los Angeles and San Francisco exchanges were still open, and traders instantly flooded them with buy orders. By West Coast closing time, GM common had been bid up to \$121, higher by \$7.62 than the Big Board closing price.

On Wednesday, the rush was even wilder. Wall Street was swamped with buy orders long before the Big Board opened its doors. What's more, most of the orders were "at the market," despite the fact that Tuesday's West



**Where would you  
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The Virginia-Carolina Chemical Corporation very sensibly decided that the best place to make such a product was near where it was used and after plotting the location of the chief detergent manufacturers it was apparent that their proposed new sodium tripolyphosphate plant should be near Cincinnati.

In line with present-day trends they wanted to avoid congested areas and get out in the country. Other requirements were: A good labor supply. Plenty of good water. Facilities for waste disposal. Electricity and natural gas. Soil with good load-bearing properties. Good roads and access to a railway with frequent pick-ups.

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able to take them right to a site on the outskirts of Cincinnati which met every one of these requirements and had a few other unexpected advantages.

Although Virginia-Carolina looked at over fifty other locations, none of the others met their needs as well as this one at Fernald, Ohio.

When you are looking for a site you will probably save yourself a lot of time and worry by giving the C&O a complete list of your requirements and let them do the looking. They will come back with a Pin-Point Survey full of just the detailed information you want.

Send your inquiry in complete confidence to Chesapeake and Ohio Railway, Industrial Development Department, Cleveland 1, Ohio.



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As specialists in this field we are equipped to analyze your merger potential and advise the best course of action for you. We have wide contacts with companies seeking merger candidates. If your net worth exceeds \$500,000, we invite you to discuss your objectives with us in confidence and without obligation.

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Coast trading and the earlier reaction to split rumors had shoved GM 31% above its price at the start of the summer rally.

The pressure was so great that the exchange officials couldn't even open the stock until two hours after trading started. Finally, things got started on an 85,000-share deal at \$128, topping the West Coast closing by \$7 and the Big Board Tuesday closing by \$14.62.

E. I. du Pont de Nemours stock went along for the same ride with GM, since du Pont has long owned 22.6% of GM common. It took one hour to open du Pont stock—at an "arranged" price of \$249.50, a gain of \$6 from the day-before close and \$63, or 34% above mid-May.

• **Purchase Plan**—GM, in telling its holders of the split plan, also asked them to O.K. a new stock purchase plan for salaried employees. Some people jumped to the conclusion that the purchase plan was one of the reasons for proposing the split. But Wall Street doubts this. Lacking any official explanation, Streeters have figured it this way, at least for the time being: GM's 1955 profits will come nearer than ever to the \$1-billion mark, and the company is taking early action to keep them—and dividends—from looking unnecessarily gaudy on a per-share basis.

Judging by the rush to buy at mid-week, plenty of traders and investors agree with this theory.

## The Long and Short of Treasury Offer

When the Treasury announced the terms of its latest bid for new money this week, market experts drew two quick conclusions:

- **Secy.** George Humphrey is taking no chances on another sour offering similar to the one last May (BW—May 7'55, p52) when he cut the rate too fine for investors' taste.

- The Treasury is sticking scrupulously to the terms of its compromise agreement with the Federal Reserve System (BW—Jul. 2'55, p32) and is not trying to force the market to take a lot of long-term bonds at a time when private demand for money is soaking up practically everything available.

The offering turned out to be just about what the market had expected. As one expert pointed out, "It was right in line with the majority opinion of those people the Treasury consulted before the offering."

- **Certificates**—Of the total \$2.75-billion that the Treasury needs, \$2-billion will come via tax anticipation certificates, maturing in eight months and bearing interest of 1½%. The rest of the offering consists of \$750-million of the 40-year, 3% bonds that were first offered back in February.

Thus Treasury will borrow at both the short and long ends of the maturity spectrum. In a sense this dual offering represents a compromise between its long-range objectives and its recognition of present market conditions. Treasury offered the 3s in an effort to lengthen its debt a little further, in line with its over-all policies. But it didn't offer much of the 3s—many observers had looked for at least \$1-billion worth—and concentrated the bulk of its offering in the short-term area thus acknowledging that there isn't enough long-term money available for a concerted effort at debt stretch-out now. Besides the \$2-billion of tax

anticipation certificates, Treasury increased its weekly offering of 91-day bills by \$100-million for the second successive week (BW—Jul. 2'55, p32).

The manner in which the offering of the 3s will be handled is a further indication of the Treasury's sensitivity to money market conditions. To encourage subscriptions by institutions such as savings banks, pension and retirement funds, these buyers will be able to pay for the bonds on the installment plan, with 25% due by July 20, 60% by Sept. 1, and the remainder by Oct. 3. Commercial banks, on the other hand, normally the largest buyers of such bonds, will have to get up the whole amount for any subscriptions by July 20.

- **Allotments**—Also, Treasury has reserved the right to reject or reduce any subscription to avoid excessive allotments to "non-savings type investors," which presumably means the commercial banks.

Some money market observers look for heavy over-subscription to the 3s, and one remarks that "This may well defeat Treasury's aims, for the very savings institutions it wants to lure into the bonds aren't flexible enough to ask for \$30-million of the bonds in the hope of getting \$10-million." He adds that, if percentage allotments are below 50%—as many expect—the offering might attract much "neophyte speculation," that is, non-investment buyers whose only interest is to play the expected price rise in the bonds into a quick profit.

The July borrowing of the Treasury represents only a part of the new money it will need this year. Estimates of total borrowing vary between \$8-billion and \$10-billion, indicating that the Treasury will have to borrow an additional \$5-billion to \$7-billion in September or October.

# Koppers announces **SUPER-DYLAN<sup>®</sup>** **POLYETHYLENE**

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with countless applications**

A proud addition to the growing list of Koppers Plastics—Super Dylan Polyethylene is now being announced to molders and extruders throughout the United States. This completely new plastic material offers a combination of properties not available in ordinary polyethylene.

Characteristics such as improved **HEAT RESISTANCE**, **GREATER RIGIDITY**, **LOW TEMPERATURE TOUGHNESS** and **HIGH TENSILE STRENGTH**, as described on this page, and in addition, **CHEMICAL RESISTANCE**, **EASY PROCESSING**, **EXCELLENT SURFACE FINISH** and **GOOD COLORABILITY** make Super Dylan Polyethylene a really versatile molding material.

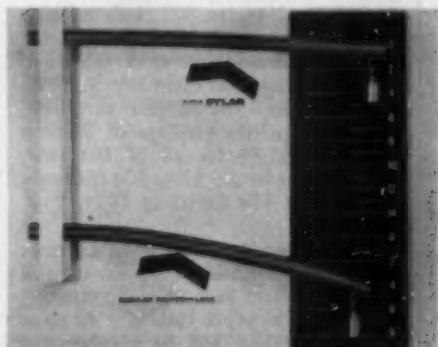
As a leading producer of chemicals and plastics, Koppers is pleased to present Super Dylan Polyethylene at this early date. The development and introduction of this product is only a part of Koppers definite policy of growth in the chemical field.



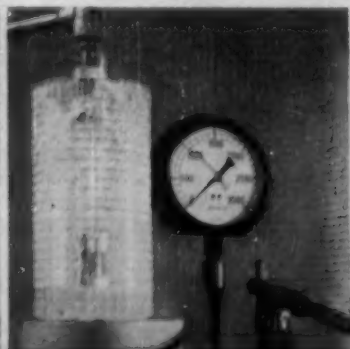
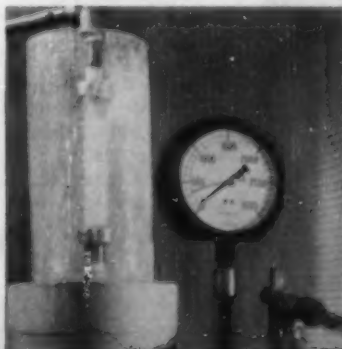
**HEAT RESISTANCE**—Results of pressure cooker test speak for themselves. Cooked for 15 minutes at 250° F., the ordinary polyethylene containers collapsed completely. The Super Dylan samples underwent only a two per cent dimensional change, without deformation and without loss of surface finish.



**LOW TEMPERATURE TOUGHNESS**—Ordinary polyethylene and Super Dylan samples were placed in dry ice overnight (-100° F.). They were then placed in an Izod Impact Tester. At the bottom of its swing, a heavy pendulum strikes the sample with an impact of 32 ft. lbs. per inch of face. Ordinary polyethylene broke—the Super Dylan sample remained intact.



**RIGIDITY**—These lengths of pipe are mounted only at one end. Identical weights are hung on each. Ordinary polyethylene deflects 5 inches while Super Dylan pipe carries the load easily with only 1 1/4 inches deflection.



**TENSILE STRENGTH**—Here is an actual burst test. Ordinary polyethylene 1" pipe is shown bursting at 360 pounds per square inch gage pressure. Super Dylan 1" pipe is shown bursting at over 1,000 pounds per square inch—almost three times as great strength.

**KOPPERS COMPANY, INC., PITTSBURGH 19, PENNSYLVANIA**



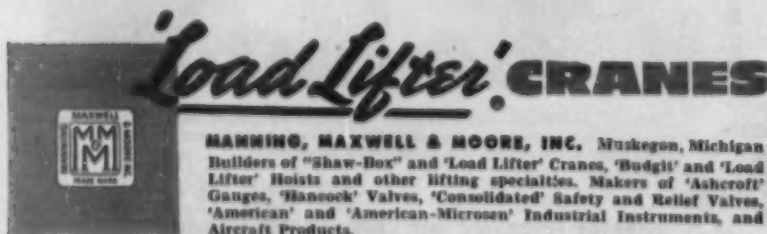
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## Wall St. Talks . . .

... About merger rumors  
... Rise of British holdings in dollar securities . . . Profits squeeze via wage hikes.

Stories in Wall Street: Faint murmurs from the Midwest say International Harvester would be willing to pick up Willys Motors at a "price" . . . Radio Corp. of America and Underwood are said to be talking merger.

British holdings in dollar securities, both private and institutional, now top the pre-World War II figure, despite wartime sales of \$248-million worth here and in Canada. Streeters get this report, from unimpeachable London sources, which add that the gain holds true even if you exclude all capital appreciation on investments held since 1939.

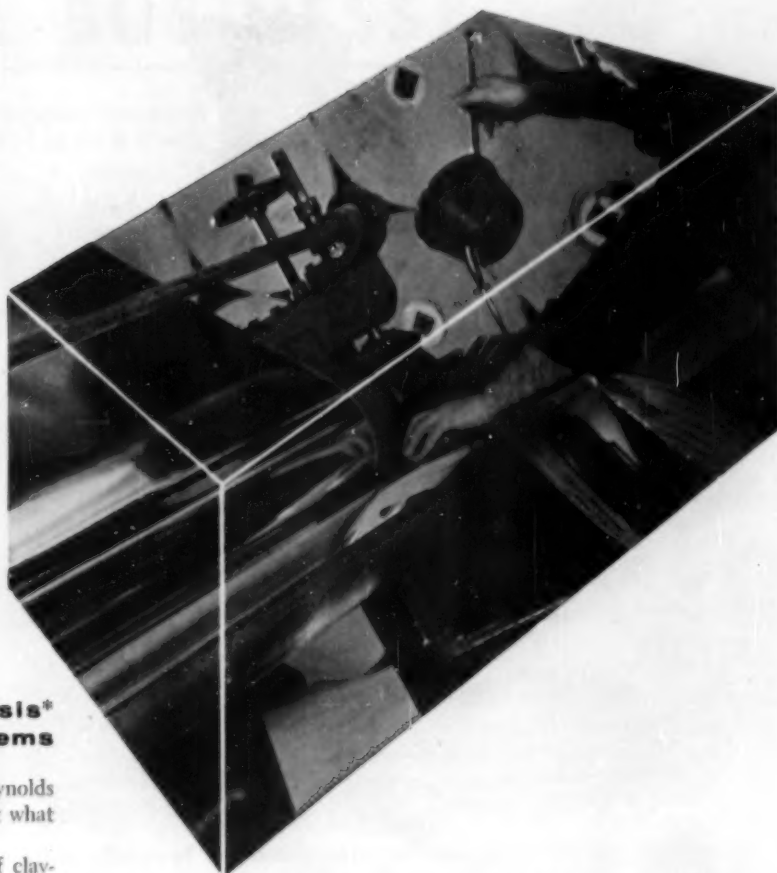
A profits squeeze, not inflation, is likely to be the outcome of the current round of wage hikes, according to a hard core of Wall Street analysts. The group does not share the general feeling that higher costs will be "automatically" offset by higher prices and greater production efficiency, especially if the pace of business starts to slacken.

The Street has been worrying over the increasing number of large blocks of blue chips that have changed hands lately in both Big Board trading and secondary offerings. Since most such blocks are held by large private or institutional investors, their entry into the market indicates that plenty of "pro" investors are ready to take their profits at present levels.

The steeplechase course of Evans Products Co. shares climaxed its climb from \$23.62 up to \$71 with a jump last week of \$16.62. Fueling the rocket are assorted rumors of stock splits and gaudy earnings and dividends in 1955. The company started fast this year, with first quarter earnings of \$3.68 a share, vs. \$1.50 for all of last year; dividends so far are \$1—a 50¢ quarterly rate—against 50¢ for all of 1954.

Market letter gleanings: "Higher stock prices are indicated but selectivity still continues to be of importance." (Hemphill, Noyes & Co.) . . . "At some point . . . there will be a substantial readjustment. This can come without front page news." (Goodbody & Co.) . . . "Current news events and fundamentals, despite historically high levels, still appear to favor the upward trend." (Laird, Bissell & Meads.)

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# PERSONAL BUSINESS

BUSINESS WEEK

JULY 9, 1955

A BUSINESS WEEK

SERVICE

The company-sponsored scholarship plan is getting a lot of attention these days. The main reason is that it gives a big financial break all the way around—to the company, to the employee-parent, and to the student.

The biggest break comes in tax savings. On the company's side, the cost of the scholarship is deductible. In figures, the saving looks like this: Say a company in the 52% bracket gives a \$5,000 scholarship. The cost to the company is actually only \$2,400 because of its tax deduction.

The employee pays no tax either—if the scholarship is awarded on the basis of his child's ability. (One way to get this result is to hold competitive examinations among the employees' children. That forestalls a possible Treasury argument that the scholarship is actually a form of compensation to the employee.)

The savings to the employee can be considerable. For example: A non-taxed scholarship of \$5,000 awarded to the son of an employee in the 43% tax bracket (that is, having a taxable income of \$24,000) is equivalent to a bonus of \$8,772.

Also, the value of the scholarship doesn't figure in the exemption the father can take for his child. In other words, say the child gets a \$2,000 scholarship from his father's company. Even though the father contributes only \$1,000 to his son's support, he can still claim his son as an exemption. The reason: The \$2,000 scholarship is not counted in figuring whether he contributed more than half of his son's support.

Finally, the winner of the scholarship pays no tax if his scholarship meets two requirements: (1) It pays for courses that lead to a degree; and (2) it is to a school that comes within the technical definition of an "educational institution."

This definition means a preparatory school, a college, a university, or a technical and mechanical school. It does not include a correspondence school, an on-the-job-training school, or a night school.

When these two requirements are met, the scholarship holder pays no tax even on payments that cover: (1) room and board; (2) laundry service; (3) costs of travel to and from school; (4) clerical help and equipment needed to carry out the scholarship.

But it's important to keep in mind that not all scholarships or fellowships are alike. Thus they can have a different effect from a tax point of view.

One example is the scholarship or fellowship which requires that the winner teach, do research work, or perform some other service on a part-time basis. He gets paid for such work by part of the grant. This represents a wage or salary, and is taxed.

The student figures his tax this way: He finds the going hourly rate of pay for similar work. He multiplies that by the number of hours he teaches or works on research projects. He reports this as income—and of course pays tax on it. The rest of the grant is tax-free.

This doesn't mean that tax is always paid on money for teaching, research, or such work. It isn't—when these things are primarily for the scholarship holder's own training and education. Take a man studying to

# PERSONAL BUSINESS (Continued)

**BUSINESS WEEK**  
**JULY 9, 1955**

be a teacher. Part of his training includes teaching certain classes—so payment for this is not reported as income.

The same thing holds if teaching, research, and so on are required of all candidates for a degree—whether or not they hold scholarships or fellowships. Payment for such services does not give taxed income.

But note this well: **A company scholarship that goes for courses that do not lead to a degree is not tax-free.** Such scholarships get certain limited tax advantages only if they are granted by: (1) the U.S. government or its agencies; (2) a state, territory, or possession of the U.S. or their subdivisions; (3) a corporation, community chest, fund, or foundation organized and operated exclusively for religious, charitable, scientific, literary, or educational purposes.

—•—  
**Proper care will keep good household knives efficient for years—**whether they are carbon or stainless steel.

According to Hoffritz Cutlery Co., **forged stainless steel has now been developed to a point where it will keep a keen edge as well as carbon steel.** Note that forged stainless is not the same thing as stamped. Main advantage of stainless: It doesn't tarnish. (But it can lose its gleam unless washed and dried within 20 min. after use. Wiping with a chamois will preserve its luster.)

**A hollow-ground blade in either metal makes the sharpest knife of all—**the blade is finer and more delicate than in other designs. With a hollow-ground knife, always use a cutting board. Use less pressure than with other knives.

—•—  
**Keep all knives out of the dishwasher.** Otherwise, the blades may be forced out of their settings or the wood will warp. Blades should be kept in a rack or sheath, never loose in drawers.

**Commercial sharpeners, both electric and hand, are good for keeping an edge on regular kitchen knives.** Failure to get a good edge means there are nicks you can't see; the knife must be reground by a professional. It's safest always to have hollow-ground blades sharpened by professionals.

Experts say that price is usually an indication of the type of knife you will get. The more expensive it is, the longer it retains its edge.

—•—  
**Automotive engineers say that one of the best ways to get better gasoline mileage is to keep a regular check on your spark plugs.**

In a V-8 engine, if just one plug isn't firing correctly, your mileage may fall as much as 14%. Two plugs misfiring can bring it down 25%. To avoid this, have plugs serviced about every 4,000 miles.

—•—  
**RCA Victor has just issued an album, 50 Years of Great Operatic Singing, which contains 58 voices singing 68 classics.** The album contains five 12-in. LPs, has a 43-page table of contents, text, and illustrations, will sell for around \$30.

—•—  
**Manners and modes: Look for a growing trend toward sabbatical leaves for executives.** Some companies feel the custom would keep top men in good health longer. . . . Don't expect to get a tax deduction if moths hit your wife's furs; the Treasury is unsympathetic. . . . A New England dairy company is selling cartons of flavored milk—strawberry, coffee, chocolate.

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Joint federal-city-private effort is rebuilding former slums like this (on New York east side) under program started in 1949. But record

## Reviving the City: The Medicine

By best count, the U.S. today can reckon itself the unproud possessor of some 20-million housing units off the farm that are either beyond repair or in serious need of it. Last week, this stigma was once again before Congress.

The immediate business was the Housing Act of 1955, the latest in the long series of federal attempts to deal with the nation's substandard housing and urban blight. As usual, the din of controversy surrounded the public housing provisions of the bill. But slipping through almost unnoticed, and with barely audible opposition, was another section of the bill, which would add \$500-million for capital grants under what is now known as the urban renewal program. The act has already passed the Senate and, by last week, it was set for hearings in the House Rules Committee.

The replenishment of the urban re-

newal kitty—the first since it was set up in 1949—has a special significance. If only in an arbitrary sense, the new cash will mark the beginning of a second stage in the renewal program.

In its first stage, it generated a ferment of activity, made city redevelopment practically synonymous with the federal plan, but still moved far more slowly—in terms of completed projects—than people had hoped. In its second stage, it faces the test of whether it will remain a blueprint or evolve into a finished structure.

• **Preventive Dose**—Urban renewal is a term that the Eisenhower Administration wrote into the Housing Act of 1954. Primarily, it is a continuation of what the Truman Administration called urban redevelopment and slum clearance. But there is a difference between the two programs, and it is not solely a semantic one.

Urban redevelopment was an attempt to help the city reclaim its blighted neighborhoods, usually by clearing part or all of them. Urban renewal is that—plus a preventive dose (BW—Nov. 27 '54, p28). It tries to keep the areas around the rotted core from slipping into decay, where tear-down would be the only salvation.

Until 1949, there was no federal program—and, indeed, few state or city ones—aimed specifically at trying to reclaim whole neighborhoods from the grip of slums. Public housing provisions had been on the federal lawbooks since 1937. But the concept here was a more limited one—replace a given number of old, substandard housing units with new, improved ones.

• **Old and New Laws**—What the 1949 Housing Act did in its Title I was to set up a kitty of \$1.5-billion—the same money the renewal program is operating



shows though that in . . .

## Works Slow

under today—to mount a combined federal-city-private capital attack on the neighborhood sores of cities.

Through a redevelopment agency, a city would be responsible for clearing a slum area, putting in the needed site improvements, then selling or leasing the land to private developers. The federal government would then pick up two-thirds of the write-down cost—the difference between what the city put out and what it got from the sale or lease of the land to a private builder.

Of the \$1.5-billion authorized, \$1-billion was to cover loans to help the city plan and carry out the project, \$500-million to pay the federal share.

The 1954 act made no radical change in this concept. It simply built around it, drawing in large part on the recommendations made by the President's Advisory Committee on Housing in the fall of 1953.

Its main innovations: (1) the requirement that cities prove they have a "workable" program, or master plan, to eliminate and prevent slums and blight, before they could get federal aid; (2) the spreading out of the two-thirds formula to cover conservation work in a deteriorating area that is not yet a slum, but is on its way to being one; and (3) a special mortgage insurance fund under the Federal Housing Administration to help finance the fix-ups and rebuilding.

In short, what emerged in 1954 was a broadened program, one that is now community-wide in scope, rather than just neighborhood-focused. As before, the emphasis is on residential redevelopment, though the door is open part way for industrial and commercial rebuilding.

• **Progress**—Given all this, what has been accomplished since 1949? Does the program stand, or fall, on its record so far?

In one sense—the activity and planning it has generated—it definitely stands. As of the end of April, the Urban Renewal Administration, which is part of the Housing & Home Finance Agency and is the supervisor of the program, had signed its name to 83 capital-grant contracts for area projects—all initiated under the 1949 act—that together added up to \$153.8-million in federal funds.

Counting projects in various stages, up through the final contract stage, there were 292 scattered around the U.S. and its possessions. For these, URA had either earmarked or definitely committed \$416.8-million out of its \$500-million capital-grant kitty. Forty-nine cities had had their programs approved as "workable."

The effect of this is unmistakable. For all practical purposes, plans for area-wide urban redevelopment and the federal program have become one and the same. There are exceptions to this—notably Pittsburgh's Gateway Center, Indianapolis' pay-as-you-go redevelopment plan, Metropolitan Life Insurance Co.'s Stuyvesant Town and Peter Cooper Village in New York—in which there has been no Title I money.

But these, and scattered others in Richmond, Va., Chicago, Kansas City, and smaller cities, are traveling a road on which the traffic is fairly light. The crowd is moving on the federal pike.

• **But Slow**—The trouble is the movement has been slow. And it is on this count that the federal program has fallen short—in the eyes of both its critics and its champions.

At most there are about 10 projects today, and probably no more than seven that could be called complete or just around the corner from it. Penn Towne, in Philadelphia, is done—the first to cross the wire under Title I—

and two other projects in the East Poplar area are close to it. In Baltimore, there is the Waverly development; in New York, Corlears Hook (picture); Chicago has New York Life Insurance Co.'s Lake Meadows; and Detroit has a new medical building for Wayne University.

Viewed in these terms, the record is not impressive—either to the private builders who have rapped the program, or to James W. Follin, who now administers it. Follin, whose title is Urban Renewal Commissioner, admits there has "not been as much progress as was indicated."

William L. Slayton, until last month the assistant director of the National Assn. of Housing & Redevelopment Officials, feels, too, that the going has been slower than was hoped. "No one foresaw," he says, "how long it would take to get a redevelopment project under way and then carry it through to completion." The truth is, Slayton adds, "no one really knows too much about slums, how they got there, or how to cure them."

This fact—that the slum problem is still only partly understood—is directly responsible for a second complicating element. With imperfect knowledge of the disease itself, the instruments available to treat it have been imperfect, too. Taken together, the two factors go far to explain why the federal program has ground so slowly since its start.

• **Renewal Process**—Miles L. Colcan, in his book, *Renewing Our Cities* (Twentieth Century Fund), points out that the dynamic city, by its very nature, must always have some worn-out or obsolete parts. These may, or may not, be slums, for though the renewal problem and the slum problem are usually tied together, the two are not interdependent. A building can become obsolete—lose its economic usefulness—without falling into the decay that makes it a slum.

The crux of the city problem, Colcan believes, lies in the interruption of the normal renewal process. This is what happened during the Depression—the first real break in the urban expansion process—and produced the start of efforts, at the governmental level, to deal with the problem.

It has happened again in the post-war period—at least in the area between the still-vital city core and the outlying suburbs.

For some reason, the renewal process is not fast enough today. Buildings do get built voluntarily, where there are strong prospects for more profitable land use. But there are not enough of these, and whole areas get bypassed and left to die. Why this happens, how to prevent it, how to cure the damage done are still questions to



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which the federal program applies only  
a tentative answer.

• **Hurdles**—It has had trouble apply-  
ing even that.

Part of this stems from obstacles at  
the local level, blocks that even the  
pessimists did not completely foresee  
in 1949. One of them has been the  
slowness of the states to pass en-  
abling acts so cities could set up rede-  
velopment agencies. Only 32 have  
put through acts so far, and in some  
of these, there have been long court  
delays even after passage. Georgia, for  
instance, had planning under way as  
long ago as 1950 in more than a dozen  
cities. But the state High Court de-  
clared the enabling act unconstitutional  
and it has taken until this year to get  
another one back on the books.

To balance this, though, there's a  
gain: Where redevelopment agencies  
are set up under state law, their hand  
is now considerably strengthened. Last  
fall, the U.S. Supreme Court finally  
swept away all doubts as to their  
powers to acquire private property,  
whether substandard or not, and then  
sell the land—even to other private  
interests.

• **Wherewithal**—Money has held things  
up, too—the price of land, the trouble  
it takes to finance the rebuilding.

Even with the write-down formula,  
cities have shown the strain of trying  
to meet the out-of-reach values that  
breed in the high-density slums. The  
Chicago Land Clearance Commission  
paid about \$3 a square foot for a South  
Side slum site; the Baltimore Redevel-  
opment Commission was tagged \$2.85  
a foot for land near Johns Hopkins  
University Hospital. In New York,  
prices have ranged up to \$20 a foot,  
and Metropolitan Life is reported to  
have paid more than \$6 a foot for its  
Stuyvesant Town tract.

Where the city has been able to  
assemble and clear land—despite the  
price tag—private developers have not  
been hard to find. But financing for  
them has been the catch.

Since their first sally into the rede-  
velopment field in the early postwar  
years, the insurance companies have  
spent most of the last few years back-  
ing away from it—both as builders and  
lenders. Apart from them, few private  
companies were ever willing to take  
on a permanent equity in the projects.  
And although the special mortgage in-  
surance fund set up in Sec. 220 of last  
year's act was supposed to loosen lend-  
ers' pocketbooks, it has hardly been a  
screaming success. The block still seems  
to be the one Congress tried to write  
around—to get FHA to scrap its normal  
"economic soundness test" and, in-  
stead, evaluate with an eye to what the  
renewal plan can do for future values.

• **Case of Detroit**—For instance, De-  
troit only now has the money to go

ahead on the Gratiot project—probably  
the best known in the country—al-  
though clearing on the site began in  
the same year Title I was passed, 1949.  
The trouble here, however, has been a  
lack of funds and bad handling.

Fifty acres of the project were offered  
for sale to private builders in 1952,  
but there were no takers. The following  
year, it was offered again and Waner-  
Kanter Corp. of Cincinnati won the  
bid. But work never started. Waner-  
Kanter became involved in the FHA  
scandals and withdrew.

It was not until last fall that a group  
of citizens formed a redevelopment  
committee and got an option on the  
land from the city. At this point, with  
money raised from Ford Motor Co.,  
the United Auto Workers, and others,  
the committee hopes to be able to  
start on the first unit of the project  
within 60 days.

• **For and Against**—Although it has  
been criticized—for both its slowness  
and philosophy—the urban renewal pro-  
gram so far has escaped the violent  
attacks that have been levied at public  
housing. The fact that private re-  
building is at least aimed for—if not  
so often achieved is, of course, the big  
reason. The National Assn. of Home  
Builders has called the mortgage-insur-  
ance provisions of Sec. 220 "little help  
to private industry efforts to clean up  
city slums," and there has been some  
opposition from real estate men to what  
they say is the program's "teardown"  
philosophy.

But beyond this—and the criticism  
by some planners that its approach is  
simply perpetuating the density prob-  
lem, rather than solving it—the pro-  
gram has escaped relatively lightly. And  
it does have what promises to be  
helpful support from ACTION—Amer-  
ican Council to Improve Our Neigh-  
borhoods—an organization of 53 rep-  
resentatives from industry, construction,  
labor, banking, religious and civic  
groups that was set up last fall to push  
the whole idea of urban renewal.

• **Easier Chewing**—At this point, if  
a trend is discernible in the program,  
it is toward smaller projects, rather  
than the big, spectacular ones, such as  
Lake Meadows in Chicago. A \$45-  
million project covering 20 city blocks,  
Lake Meadows produced a mammoth  
relocation problem—one that Chicago  
housing people now feel was too big  
to chew. More than 4,600 families had  
to be removed from the project area  
and put into different housing. Hard-  
ship cases brought violent criticism—  
some of it charging racial prejudice.

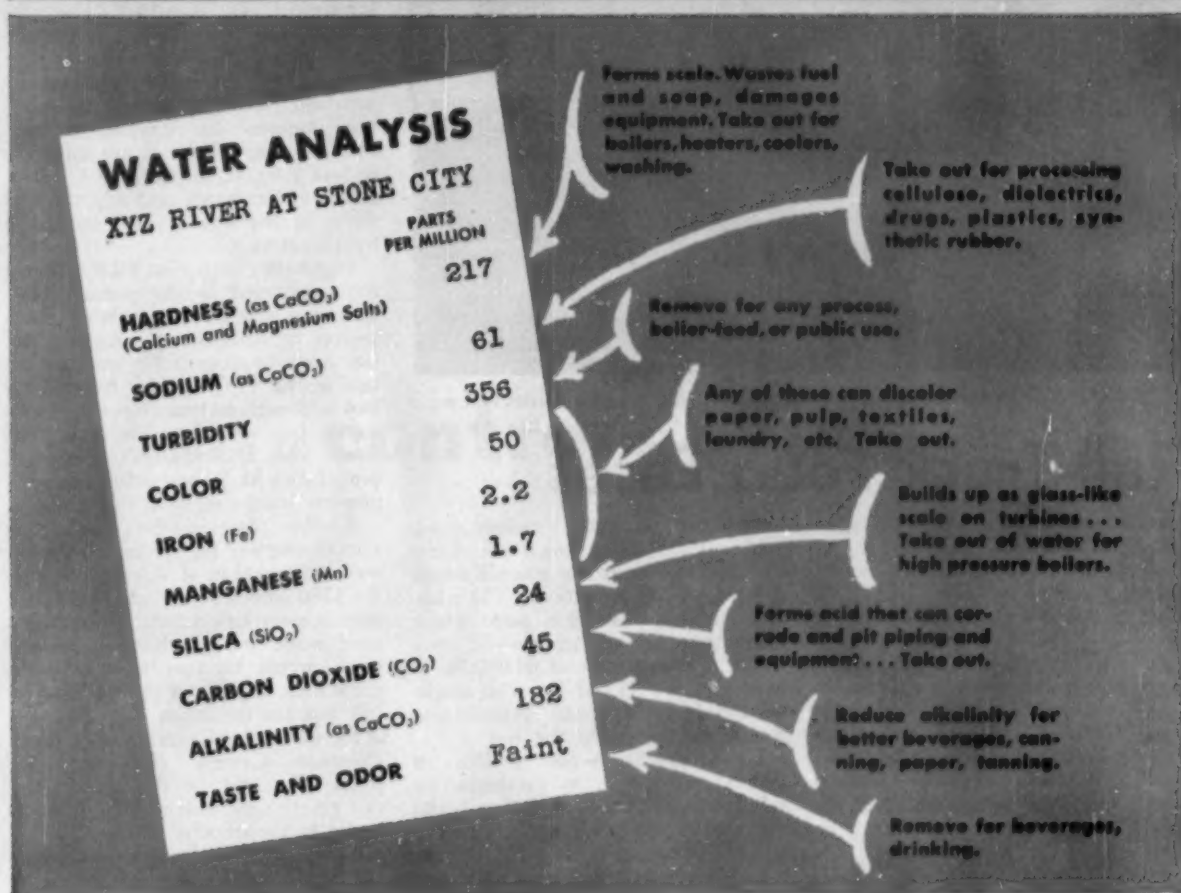
The fact that Metropolitan Life ran  
into similar clashes in New York is  
considered at least a subsidiary factor  
in the coolness that life insurance com-  
panies have shown toward redevelop-  
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## Rail-Truck Feud Eases

Truckers and railroad men have been natural enemies ever since the motor truck started muscling in as a freight hauler. Their noisy feuding has been heard from one end of the country to the other.

But the historic wall of opposition between rails and trucks may be cracking. Evidence of this came last week from Pennsylvania—significantly, the state where the feuding has been the hottest. In Harrisburg, Gov. George M. Leader signed a bill raising allowable gross weight for trucks as much as one-third.

Truckers had been after such legislation for a long time—and the state's railroads had steadfastly fought against it. Then the railroads switched signals and gave the truckers' bill a clear track. To understand the switch you have to go back to the beginning of the long squabble in Pennsylvania.

• **Contributing Factors**—Among the key factors contributing to the development of the dispute were these:

- With small exceptions, Pennsylvania's terrain is rolling or hilly. Consequently, its roads run along twisting streams or over rugged hills—often both.

- Pennsylvania's industries generate a tremendous amount of freight.

- Pennsylvania started early to invest heavily in roads.

- **Traffic Troubles**—It didn't take long for the underpowered trucks of 30 years ago to back up traffic on hills and curves. And it didn't take long for increasing truck weights to leave their mark on relatively unsubstantial roads, built before anyone dreamed of the number and size of trucks that were to come. So the state stepped in and

limited truck weights. Truckers in adjoining states—where roads are flatter and straighter—were not pinched nearly so hard by load limitations. The situation gradually reached a point where these states allowed tandem-axle semitrailers a gross weight of 60,000 lb. to Pennsylvania's 45,000 lb. The single-axle load limits found Pennsylvania about one ton below the rest.

- **Campaign Starts**—So truckers in Pennsylvania began to campaign for a hike in load limits. And they began winking at the existing law. Overweight fines, small and infrequent, tended to become mere license fees—far cheaper than compliance.

When the truckers went to Harrisburg to get the law changed, they encountered the opposition of motor clubs and farm groups, the State Highway Dept., and the Associated Railroads of Pennsylvania. ARP's biggest member is the Pennsylvania RR, a company that has not been without influence in its native state.

After losing numerous years, truckers got their bill in 1951. But it was vetoed minutes before it would have become law. With their patience wearing thin, the truckers retaliated with a \$250-million triple-damage antitrust suit against a number of eastern railroads.

The truckers lost another legislative fight in 1953—but they got to the point of taking pre-trial depositions in their antitrust action. They had their own public relations campaign going. As business slid off, they solicited support from more and more railroad customers. They had already found some among Pennsylvania's steelmakers—who are probably PRR's best customers.

- **Turning Point**—After the 1953 legis-

lative fight came several developments that helped to break down the railroads' traditional opposition to big truck legislation. One was adoption of the "piggyback" method of handling freight.

One of the railroads making a major investment in piggyback was the Pennsy. The new system gave the railroad a direct stake in the long-distance trucking business where big loads are preferred. And PRR found its piggyback business was crippled by substandard weight laws. It was expensive to load a 60,000-lb. trailer at Chicago, debark at Pittsburgh, and split the load down to the legal 45,000 lb. before trucking it away.

Piggyback's impact on PRR thinking was heightened by the pressure PRR customers were bringing to bear. Truck sources say flatly that the Reading RR was ready to support big-truck legislation in the 1953 session. It began to look as though everyone but the Pennsy was in favor of raising the state truck limits. And Pennsylvania's new president, James M. Symes, didn't fancy his property being caught in that position.

Another development helping to smooth the way for the new truck bill was concern that, if it came to trial, the \$250-million suit would leave a bad taste in everyone's mouth. Quiet efforts were made to get the railroad and truck people together so they could settle their disputes in private. The result was the formation early this year of the Council of Eastern Rail & Truck Common Carriers (BW-Jan. 15 '55, p. 32). This may be the agency that can get the railroads off the hook in regard to the truckers' suit.

Thus far, both sides insist there has been absolutely no deal to call off the suit in return for railroad support of the big truck bill. The railroads hope, of course, that the suit will be dropped. And there are truckers who do, also. But responsible trucking sources also insist that the new organization does not have in its membership enough of the truck leadership to guarantee an end to the suit. And they say that there are enough issues and personalities involved in the suit that it will take considerable ingenuity to end it short of trial. The present schedule calls for more pre-trial depositions next fall, and a trial date late this year or early in 1956.

- **Steel Haulers Plight**—For at least one group—the truckers hauling steel—enactment of the big truck bill was a hollow victory. By the common practice of overloading their trucks, they had been able to compete with rates offered by railroads. They built up a flourishing trade by providing overnight door to door service within 300 miles. The rails haven't been able to match this, although piggyback should help.

The steel haulers often loaded to

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**"... the feeling is strong that the Pennsylvania RR made a very good bargain for itself ..."**

TRUCKS begins on p. 146

Ohio's 78,000-lb. gross weight limit. This is more than Pennsylvania's new law allows. So the steel haulers had plugged for a provision in the bill that would allow them an extra 12,000-lb. for a fifth axle. They didn't get it.

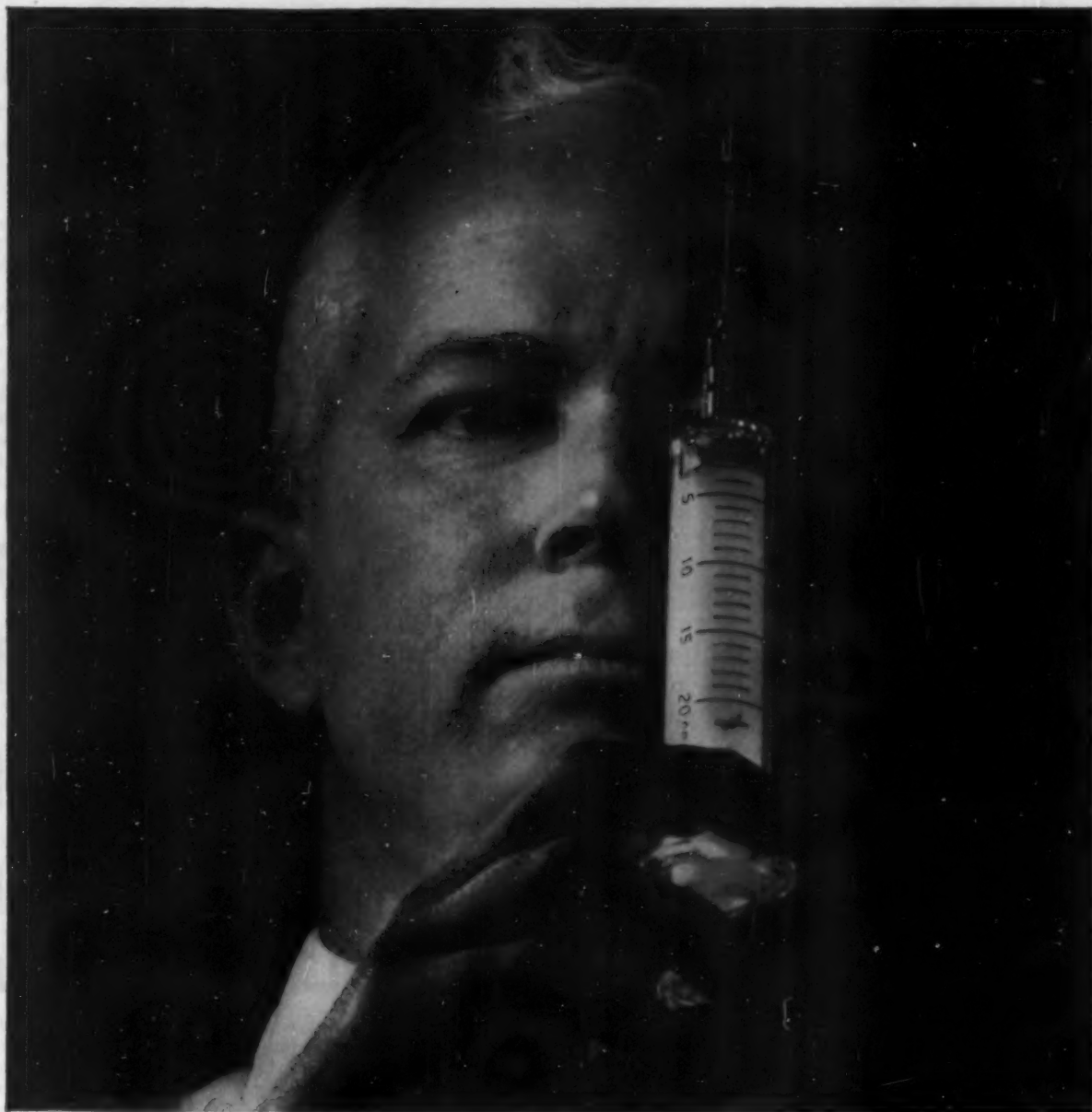
But other provisions in the new law make it costly for them to overload any more. Overloading fines have been raised and tolerances cut from 5% to 3%. Unloading on the spot is now mandatory when a truck is caught with too much weight on it. And the law provides for remitting to municipalities all the fines they collect for overloading, which will increase the number of truck weight enforcement officers in the state.

• **The Alternatives**—As far as they are concerned the steel haulers see two alternatives: going out of business in Pennsylvania or raising rates to where they can no longer compete with rails.

There's considerable feeling that a strong shove by Pennsylvania steel-makers could put across the extra 12,000-lb. for steel haulers—but the steel haulers don't think it will be forthcoming. They say the steel people got themselves into a position on the Pennsylvania bill where they couldn't ask for more—even though there are provisions of the law they don't like.

The steel haulers predict this will leave Pittsburgh district steel producers non-competitive in many out-of-state steel markets, which can get overnight service from Ohio and West Virginia mills. Beating the trucks out of steel-hauling business, of course, won't make any railroad unhappy. So the feeling is strong in some truck circles that Pennsylvania RR made itself a very good bargain when it finally retreated from its historic opposition to higher truck weights. Steelmakers will tell you, though, that very little business will move from trucks to the rails. Instead, steel buyers will patronize producers in states with less stringent limits on truck loads.

Piggybacks force PRR to accept higher limits, according to the steel men. But in the bargaining, the rails forced their steel-making customers to settle for the big-truck bill without any extra weight for steel haulers. The heavy fines and stiffer enforcement will redistribute the steel business without particularly helping the rails. In effect, then, the steel-hauling truckers are giving the party for the rest of the trucking business in Pennsylvania.



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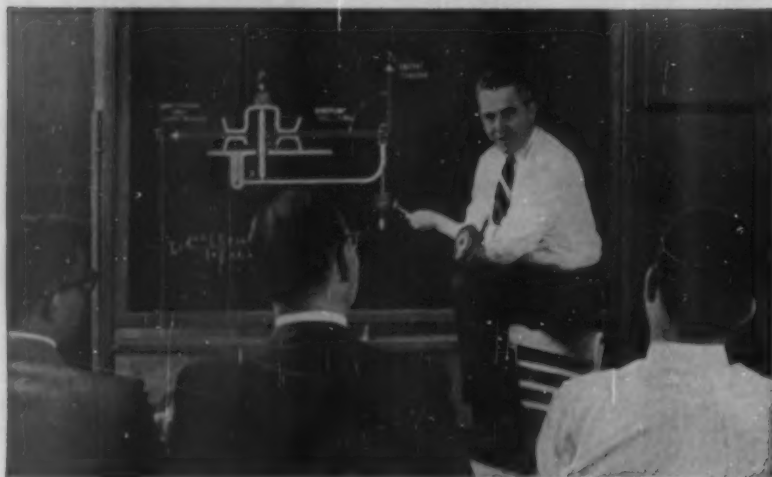


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## Whose Ore?

**Big Steel, Kaiser squabble over iron deposit . . . Port Authority for Boston . . . Re-prieve for boiler rooms.**

LOS ANGELES—Kaiser Steel Corp. and U. S. Steel Corp. are locked in a claim fight here that would have made headlines even in gold-rush days.

At stake is a \$50-million iron ore deposit lying about 1,500 ft. beneath Pinto Wash in the Eagle Mountains of Southern California (map, arrow). The land—about 2,400 acres of it—is roughly a mile from an existing Kaiser mine that helps supply the company's Fontana (Calif.) steel plant. Both Kaiser and U. S. Steel claim ownership of the deposit.



The mining war broke out last year when the two companies clashed over "discovery" operations, in which airplanes and magnetometers had been used. Big Steel moved first, suing to quiet title to its claim on the deposit and charging that Kaiser's agents were guilty of claim jumping. Kaiser's answer came along with a cross-complaint. It said U. S. Steel had not made a discovery in the legal sense because the vein or lode within the claim had not been located.

Both companies then put drilling crews on the ground to bore down to the ore body in compliance with mining laws. Both hit ore at 1,500 ft., but not before a series of charges and countercharges that the other company was trying to hire away or kidnap the other's drilling crews.

Finally, last October, U. S. Steel filed a 96-page complaint seeking legal possession of the claim and followed up with an amendment to it in May;



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Kaiser was slated to file its reply last week.

Right now, one of the vital questions involved in the case is the status of discovery by magnetometer. Does the use of magnetometers, in the air or on the ground, constitute discovery of a claim, without digging down to uncover the ore itself?

**BOSTON**—This city may soon have an omnibus agency similar to the Port of New York Authority. And with it may come construction of a second under-the-harbor tunnel.

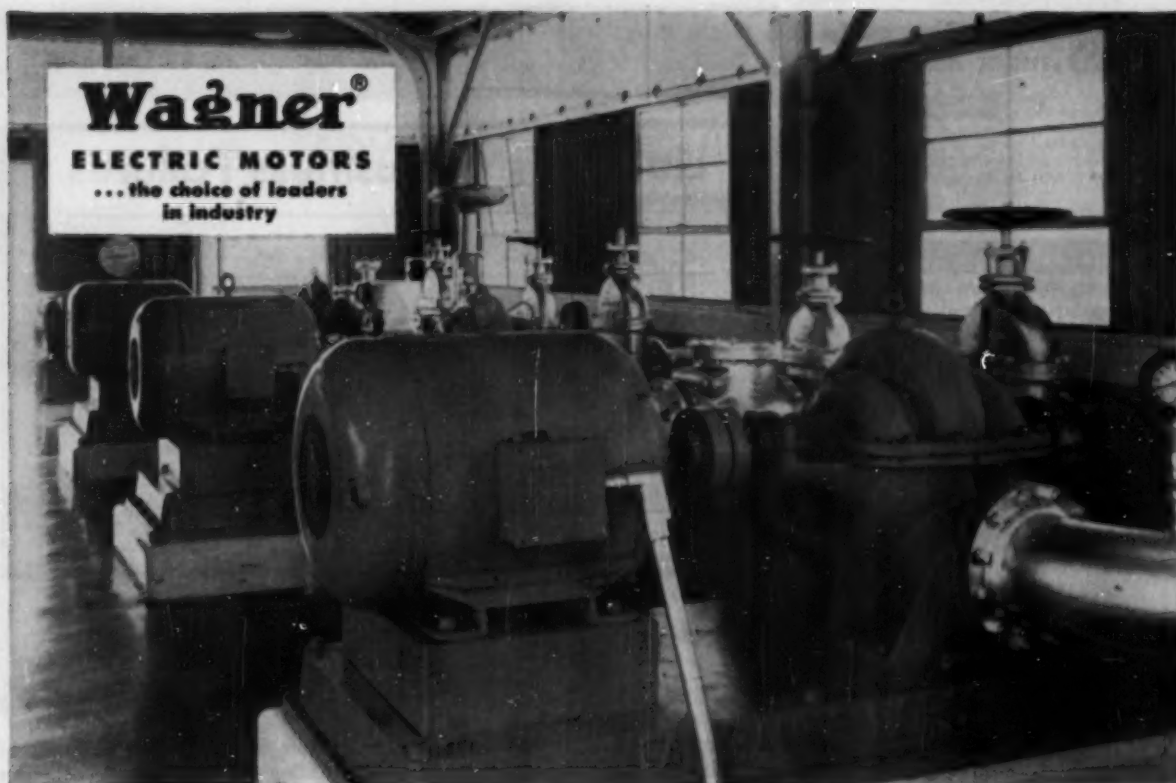
Last week a special committee handed to Gov. Christian A. Herter a report recommending a Massachusetts Port Authority that would consolidate operations of the Sumner Tunnel, the Mystic River Bridge, the Boston and Bedford Airports, and port facilities. The authority would be self-sustaining. It would sell private revenue bonds, payable solely from tolls and revenues, without pledging the credit of either the city or the state.

Boston's two-lane, 21-year-old tunnel from the city proper to East Boston has long been inadequate to handle heavy traffic, caused partly by Logan International Airport in East Boston. The committee described a second tunnel as an "immediate necessity." Then it went on to warn that a third tunnel under the harbor would be needed by 1967.

**PORTLAND, ORE**—A ban on sales pitches by telephone, slated to take effect last week, has been put off for at least 60 days and maybe forever.

Early in June, the city council passed an ordinance that would have made all uninvited phone solicitations illegal after July 2. The aim was to crack down on the so-called "boiler room" operations that had been using the phone to peddle suspect merchandise and services. The ordinance specifically excluded "professional persons or merchants who call on established customers." Apparently, that wasn't enough.

As the law read, many legitimate merchants thought its meaning still wasn't clear. They felt its terms could be used against them, too. The upshot was that the council decided to put off the ban for 60 days, and see whether it couldn't make some changes to end the confusion. City Commissioner Ormond R. Bean, who drew up the original version, says if he can't find a way to limit the law to operations "not in the public interest," he will recommend that the whole business be repealed by the council.



These 50 hp Wagner Motors drive jacket water pumps in TGT's main line gas booster station at Batesville, Mississippi



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Wagner 5 hp Motor drives a sump pump in gas booster station, Batesville, Mississippi



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## CHARTS OF THE WEEK

### Liabilities of Business Failures



Data: Dun & Bradstreet.

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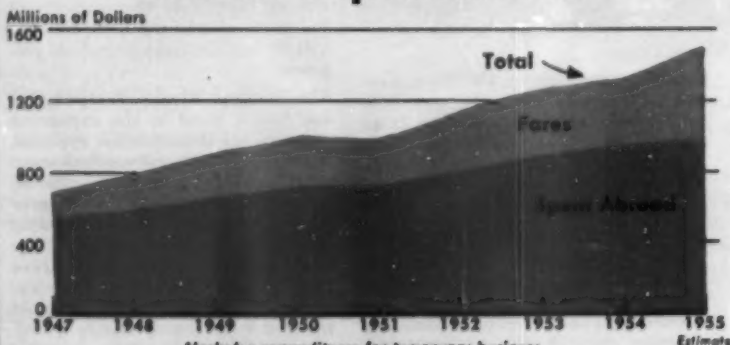
### Lowest Volume in Seven Months

Liabilities of business failures in May skidded 3% to the lowest volume in seven months—\$34,714,000—according to the most recent figures published by Dun & Bradstreet. A postwar peak of \$57,280,000 was reached in March, 1954, helping push total liabilities for that year to the highest point since

1933. But now liabilities are slipping back to 1953 levels.

Despite a decline in the volume of liabilities in May, the rate of failure per 10,000 concerns increased to 42 at a seasonally adjusted annual rate. The reason casualties were highest in the group involving liabilities under \$5,000.

### Tourist Expenditures\*



\*Includes expenditures for temporary business which amounted to \$133,000,000 in 1953

Data: Dept. of Commerce; Sec. of Commerce Est.

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### More Dollars Traveling Abroad

American tourists this year are expected to lay out more money than ever before for traveling to foreign countries and sojourning there. Secy. of Commerce Sinclair Weeks recently estimated that they will spend a record \$1.5-billion. This represents a jump of 10% over 1954 and 50% over four years ago.

Out of the \$1.5-billion, Americans will spend about two-thirds in the countries they visit. The remaining third will go for travel, nearly half of which will be by foreign carriers. Last year foreign carriers collected \$186-million in fares from American tourists, while U. S. carriers took in \$214-million.

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# To Decentralize Government

One of the most important investigations instituted by Pres. Eisenhower when he took office concerned the pressing problems of federal-state relationships. Now, after two years of study, the Commission on Intergovernmental Relations has issued a report (BW-Jul. 2 '54, p86) and a series of recommendations aimed at improving the complex machinery of government.

The commission's report is especially valuable because of its common sense, undogmatic approach. It points out the expansion of federal power over the past 20 years has been largely inevitable. We have been living through an incredible era of sweeping change—of industrial advance and agricultural decline, of depression and war and defense for peace. Under these conditions, the federal government has naturally expanded its functions and activities.

The report also states that expansion has been accompanied by encroachment and extravagance. It is convinced that federal activity can, and should, be reduced. The commission agrees with the Administration's view that government should not be doing what private enterprise can do at least as well. And it holds that the fundamental objective should be to keep centralization to a minimum and state-local responsibility to a maximum.

It is the commission's opinion that governments at different levels should not be regarded as competitors. Rather, they must seek to coordinate and cooperate. It is only through a concerted effort that all levels can operate most effectively.

## The Failure of the States

The greatest need is the development of state and local responsibility. Federal power has expanded in many areas simply because the states failed to do their job. It is not enough to criticize the concentration of federal power, or to seek to reduce the programs now operated from Washington.

Most programs operated by the government are, in fact, essential. And if federal activity is to be reduced, the states must develop the capacity to handle a larger share of the functions of government. Unless they do so, federal power is bound to continue growing, if only by default.

One vital area where the states have been remiss is in the field of taxation. If they take over functions now performed by the federal government, it will mean a cut in our federal taxes. But this cut will largely be offset by increases in state and local taxes. Those states that are eager to assume increased responsibility without adequate financial resources are only courting disaster.

These general ground rules are applied to many specific issues involving the federal government and the states. For example, the commission recommends that civil defense be shifted from the states to Washington, which is better equipped for the job. On the school

lunch program, it recommends that state and local aid should be expanded and federal aid dropped, except for the donation of surplus foods. On public housing and slum clearance, it urges that the states take over full responsibility and lend financial and technical help to localities.

Undoubtedly Pres. Eisenhower will incorporate many of the commission's specific proposals in his legislative recommendations to Congress. But no real reduction in federal activity can be achieved without careful planning on state and local levels. This is a basic tenet of the report. As such, it serves as a valuable guide to all citizens who are intent on increasing the effectiveness and decreasing the cost of government at all levels.

## Farmers Vote Controls

The 3 to 1 margin by which wheat farmers approved rigid crop controls for next year, in exchange for price support of \$1.81 a bushel, accomplished two things that should not be forgotten in the months ahead:

It showed that this important group of farmers will overwhelmingly accept government supervision of their planting and harvesting in exchange for higher price supports. If they had voted against controls, price supports would have dropped to \$1.19. They chose \$1.81—plus the maximum acreage cut permitted by law, and all the controls that implies. Wheat farmers, by their votes, told the rest of the country: "We do not want to return to the days of the free market." They have voted this way two years in a row now—this year by a substantially bigger margin than a year ago.

Just as significant in the long run, farmers had something special to say to Congress. Farm-bloc spokesmen of both parties have long feared the wrath of farmers when rigid production controls are combined with declining price supports, as they will be for next year's wheat crop.

Price supports on the 1955 crop average \$2.06, for example, compared to \$1.81 next year. Wheat producers did not like this drop—but they stood firmly by it rather than toss out controls. We hope members of Congress will take courage from this. They must insist on rigid crop restrictions in exchange for price supports. If farmers are willing—as their vote shows they are—then members of Congress must be no less willing. Otherwise, consumers and the general public will toss the whole program aside some day.

In both of these ways, the vote clears the way for something better in the future. And something better is plainly needed. With normal weather, the government will be left with another huge wheat surplus when next year's crop is in. Agriculture Secy. Ezra T. Benson's plan for lowering price supports on low quality wheat is a step in the right direction.





Photograph by d'Arco

## "Why didn't somebody think of this before!"

Finding new and better ways to handle products and materials is a constant challenge to industry. One remarkably simple idea, developed by American Cyanamid to reduce the cost of handling products packed in bags, has proved so effective that even specialists in materials handling are prompted to say, "Why didn't somebody think of this before?"

The idea is based on a pallet made of paper. Called "ACCOPAK" Pallet,\* it is a paper sling fitted with paperboard tubes at each end. As shown in the illustration, the forks of a lift truck fit into these tubes so that palletized or stacked loads may be picked up, carried, stored or shipped without removing the pallets. Low in cost, these pallets weigh only three pounds and take up but a fraction of the space of conventional pallets. Now used in shipping various products, they can save almost a ton of weight per freight car—with corresponding savings in shipping costs!

These ACCOPAK Pallets, made practical by the use of wet-strength paper, another Cyanamid development, are a result of the company's constant search for better handling techniques as well as better methods for producing chemicals.

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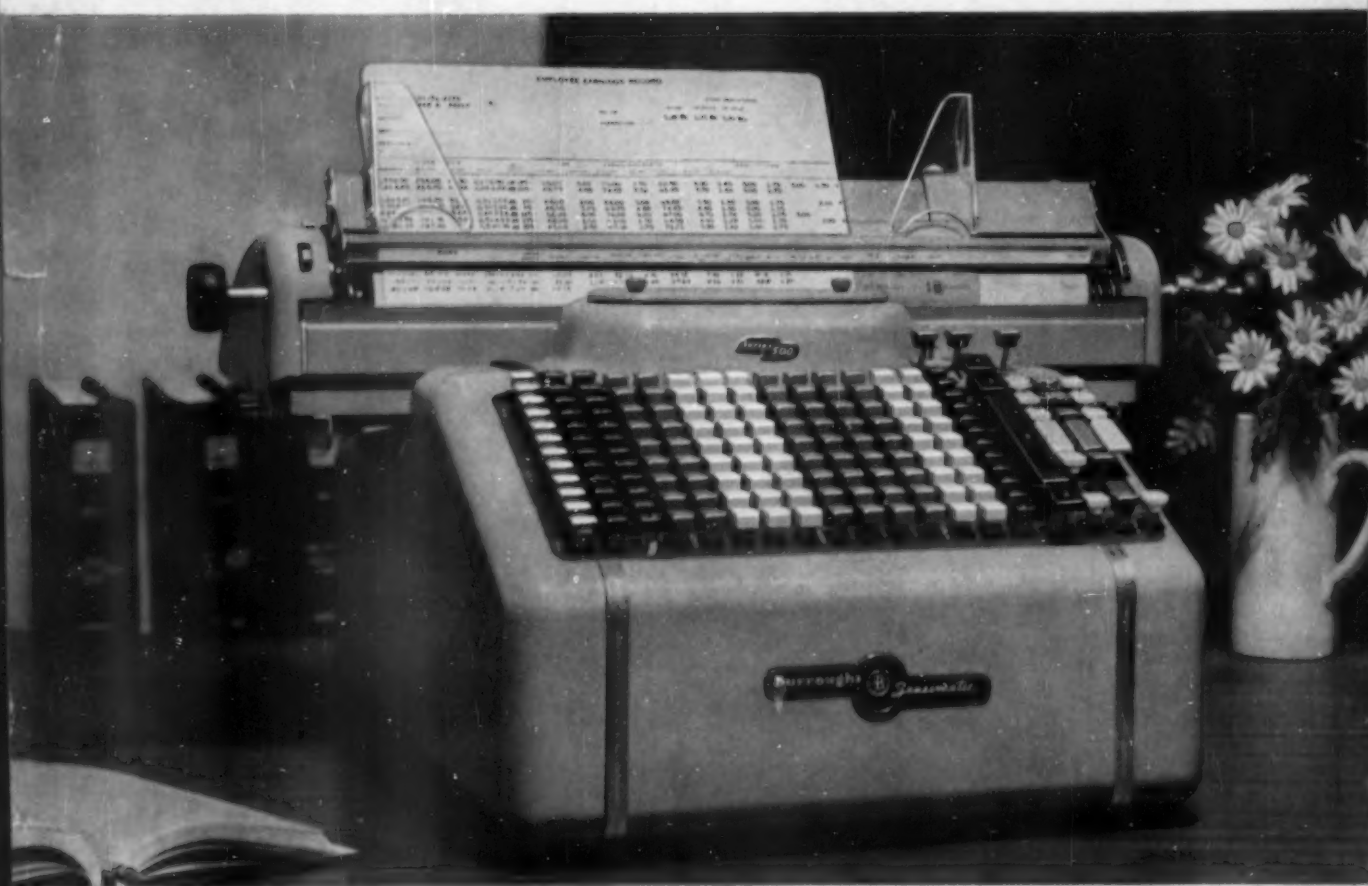
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